

**SENATE SUBCOMMITTEE
ON HIGHER EDUCATION**



**Report to the 79th Legislature
December 2004**

SENATE SUBCOMMITTEE ON HIGHER EDUCATION

SENATOR ROYCE WEST
Chairman

78th Legislature

SENATOR KIP AVERITT
SENATOR KYLE JANEK
SENATOR TODD STAPLES
SENATOR LETICIA VAN de PUTTE



November 22, 2004

The Honorable David Dewhurst
Lieutenant Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Dear Lieutenant Governor Dewhurst:

The Senate Subcommittee on Higher Education hereby submits our interim report, including recommendations to the 79th Legislature.

Respectfully submitted,

Handwritten signature of Senator Royce West in black ink.

Senator Royce West, Chair

Handwritten signature of Senator Kip Averitt in black ink.

Senator Kip Averitt

Handwritten signature of Senator Kyle Janek in black ink.

Senator Kyle Janek

Handwritten signature of Senator Todd Staples in black ink.

Senator Todd Staples

Handwritten signature of Senator Leticia Van de Putte in black ink.

Senator Leticia Van de Putte

Interim Charges

The Senate Higher Education Subcommittee is charged with conducting a thorough and detailed review of the following issues, including state and federal requirements, and preparing recommendations to address problems or issues that are identified.

1. Study the impact of admissions policies on enrollment in Texas public institutions and make recommendations for improving the admissions procedures, as necessary. The study should include, but not be limited to, a review of recent court decisions on college admissions policies, and an evaluation of the impact of the "Top 10%" law on college admissions.

2. Study and make recommendations on the proper role, scope, and mission of community colleges. Develop innovative approaches to incorporating the community college system into the delivery of K through 16 education. Study the feasibility of allowing community college districts to expand their service areas for taxing purposes.

3. Study developmental education programs in public higher education institutions. Identify alternative means of assessing the need for developmental education, the effectiveness of delivery of developmental education programs, and the appropriate role of developmental education.

4. Study and make recommendations to modify the student financial assistance programs to provide better incentives for students to graduate on time with better grades, such as the B-On-Time program and work-study programs, and to simplify the application process for financial aid programs.

5. Review and make recommendations relating to the adequacy of funding for graduate medical education, including funding required for professors, facilities, research programs and students. Review and make recommendations relating to increasing the number of health professionals.

Joint Interim Charges with the Senate Finance Committee

1. Study and make recommendations relating to the development of a statewide accountability system for higher education that is consistent with funding strategies for higher education.

2. Study and make recommendations evaluating the cost of increasing the number of Tier 1 universities in Texas. Reexamine current and alternative methods of funding regional universities, community colleges, health science centers and their reimbursement for the provision of indigent health care, and universities.

3. Study the budgetary impact of legislation to deregulate tuition at institutions of higher education. This study should include, but not be limited to, a review of recent tuition increases authorized by this Act, their impact on affordability of higher education, and an evaluation of the expenditure of these funds.

Reports

The committee shall submit copies of its final report no later than December 1, 2004. The printing of reports should be coordinated through the Secretary of the Senate. Copies of the final report should be sent to the Lieutenant Governor (5 copies), Secretary of the Senate, Senate Research, Legislative Budget Board, Legislative Council, and Legislative Reference Library.

The final report should include recommended statutory or agency rulemaking changes, if applicable. Such recommendations must be approved by a majority of the voting members of the Committee. Recommendations should also include state and local fiscal cost estimates, where feasible. The Legislative Budget Board is available to assist in this regard.

Budget and Staff

Travel costs shall be paid from the operating budgets of Senate members. All other costs shall be borne by the Senate Higher Education Subcommittee's interim budget, as approved by the Senate Administration Committee. Due to overall budget constraints, it is recommended each interim committee budget include only critical expenditures and, where possible, reductions from previous spending levels.

The Committee should also seek the assistance of legislative and executive branch agencies where appropriate.

Interim Appointments

Pursuant to Section 301.041, Government Code, it may be necessary to change the membership of a committee if a member is not returning to the Legislature in 2005. This will ensure that the work of interim committees is carried forward into the 79th Legislative Session.

Acknowledgements

This report was made possible by the leadership and hard work of the members of the Senate Subcommittee on Higher Education and their dedicated staff. The Subcommittee would also like to acknowledge the leadership of Lieutenant Governor Dewhurst, the Senate Finance Committee, and their staff who coordinated joint hearings with the Subcommittee.

The Subcommittee thanks the following individuals for their assistance during interim hearings and for their contributions to this report: Patsy Spaw, Secretary of the Senate; Scott Caffey, Senate Committee Coordinator; Carleton Turner, Senate Sergeant-at-Arms; and Senate Publications and Printing staff.

The Chair would like to acknowledge the contribution of the Texas Higher Education Coordinating Board, the Texas Education Agency, and the representatives from the various community colleges, universities, and university systems who testified and provided valuable expertise throughout the interim. In particular, the Chair would like to recognize the contribution of the Admissions and Records staff at The University of Texas at Austin and Texas A&M University for their assistance with admissions and enrollment data.

This report was prepared by the Subcommittee staff: Chance Sampson, Regan Gruber, Charlotte Sullivan, Justin Henry, Colin Coe, David Quin, and Tara Korstad.

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Summary of Recommendations

NOTE: ALL RECOMMENDATIONS REQUIRING ADDITIONAL FUNDING ARE CONTINGENT UPON AVAILABLE FUNDS.

Charge #1

Study the impact of admissions policies on enrollment in Texas public institutions and make recommendations for improving the admissions procedures, as necessary. The study should include, but not be limited to, a review of recent court decisions on college admissions policies, and an evaluation of the impact of the "Top 10%" law on college admissions.

1. The Legislature should direct the Texas Education Agency (TEA) to develop standard models for the calculation of high school grade point averages. To encourage academic excellence and college-readiness, the model should include weights for advanced placement, honors, and dual credit courses.
2. The Legislature should direct TEA to develop a single format for electronic high school transcripts. The format should include a standard method of reporting a high school's available advanced placement and honors classes, so that admissions officers can easily determine whether a student has taken full advantage of available resources as relates to academic excellence.
3. The Legislature should continue to support the *College for Texans Campaign*.
4. The Legislature should direct TEA to ensure that the annual Directors of Guidance/Student Services Meeting and the TEA Professional Growth Conferences for School Counselors provide sufficient training related to college admissions to all public high school counselors and to ensure that all counselors are aware of the *College for Texans* online "Preparing for College" training resources.
5. The Legislature should provide funding to reduce counselor-to-student ratios in public high schools.
6. The Legislature should direct TEA to determine the feasibility of providing high school seniors with an elective class period to work with guidance counselors to prepare college applications, essays, and financial aid applications, to research colleges and majors, and to search for scholarships and other financial aid options.
7. The Legislature should direct the Texas Higher Education Coordinating Board to continue to expand the common admissions application initiative started in 1997 to include a form for community colleges.
8. The Legislature should not eliminate the Top 10 Percent Law, but should require that a student must have completed the recommended high school curriculum to be admitted under the Top 10 Percent Law, effective beginning with the 2008-2009 academic year. The recommended curriculum requirement should not apply if a student did not fulfill the recommended curriculum for circumstances beyond the student's control.
9. The Legislature should enact a cap on the percentage of applicants that an institution must admit under the Top 10 Percent Law. Students graduating in the top 10 percent of under-represented high schools should be prioritized under the cap, and automatic admission under the Top 10 Percent Law should be contingent upon a student's having completed the

recommended high school curriculum, effective beginning with the 2008-2009 academic year. The recommended curriculum requirement should not apply if the student did not fulfill the recommended curriculum for circumstances beyond a student's control. To be eligible to cap automatic admissions, an institution should be required to include constitutional use of race and ethnicity among other factors in discretionary admissions decisions.

Charge #2

Study and make recommendations on the proper role, scope, and mission of community colleges. Develop innovative approaches to incorporating the community college system into the delivery of K through 16 education. Study the feasibility of allowing community college districts to expand their service areas for taxing purposes.

1. The Legislature should establish a formula funding model for community colleges that uses the 2002-2003 biennium as the base, adjusts for known growth between the 2002-2003 and 2004-2005 biennial periods, and adjusts for projected inflation. The projected biennial cost of this model is \$340 million.
2. The Legislature should consider policies to expand and fund dual credit programs to make them more accessible and attractive to colleges and students, thereby reducing time to degree. Such policies could include encouraging school districts to provide grade point weights for dual credit courses, similar to those provided for Advanced Placement courses, making dual credit courses more attractive to students competing for top 10 percent ranking in their graduating class.
3. The Legislature should support the Early College High School Initiative to make higher education more accessible, affordable, and attractive to high school students.
4. The Legislature should provide financial incentives for students at community colleges to complete either the associates degree or the core curriculum before transferring to a four-year institution.
5. The Legislature should include transfer students as a part of four-year university performance measures to increase articulation agreements between two-year and four-year higher education institutions.
6. The Legislature should place all property in the state into defined community college taxing districts, consistent with the Illinois model.¹ Those colleges receiving additional taxing jurisdiction under the new model should have an added "service expectation." The Legislature should charge the Texas Higher Education Coordinating Board (THECB) with adopting rules to resolve potential conflicts between existing districts and annexed taxing districts.
7. The Legislature should direct the THECB to provide a biennial analysis of major sources of revenue and expenditures for each community college district, beginning with the 2004-2005 biennium. The THECB should develop a reporting format that takes into consideration the unique circumstances of community colleges.

¹ In the 1970s the Illinois state legislature adopted a statute that required all property in the state to be included in a community college taxing district. Areas outside of existing districts at the time had the option to join an existing district or create a new district (provided that certain criteria for the size of the district were met). Today, all taxable property is included in an Illinois community college district.

8. The Legislature should study the feasibility of funding facilities for community colleges.

Charge #3

Study developmental education programs in public higher education institutions. Identify alternative means of assessing the need for developmental education, the effectiveness of delivery of developmental education programs, and the appropriate role of developmental education.

1. The Legislature should adopt policies to encourage high school students not meeting the 11th grade Texas Assessment of Knowledge and Skills (TAKS) college-readiness standards to address deficiencies before graduation. This should not be a requirement for graduation. Policies should include, but not be limited to:
 - a. directing the Texas Education Agency to allow students who have used the first semester of their senior year to address college-readiness deficiencies to re-take the TAKS at no or low cost; and
 - b. directing the P-16 Council to study and develop partnerships between high schools and higher education institutions to encourage, but not require, developmental education prior to graduation.
2. The Legislature should require the P-16 Council to develop a college-readiness program for 8th through 12th graders in all public schools by 2008.

Charge #4

Study and make recommendations to modify the student financial assistance programs to provide better incentives for students to graduate on time with better grades, such as the B-On-Time program and work-study programs, and to simplify the application process for financial aid programs.

1. The Legislature should encourage the Texas congressional delegation to support federal efforts to simplify the Free Application for Federal Student Aid, especially for low income students.
2. If it proves to be beneficial to institutions of higher education in Texas, the Legislature should encourage the Texas congressional delegation to support the provisions of HR 4283, the College Access and Opportunity Act, or similar legislation, that require the use of a new formula for distributing federal campus-based funds among institutions.
3. The Legislature should direct the Texas Higher Education Coordinating Board (THECB) to develop and provide comprehensive financial aid training for public school counselors, community-based organizations and others so there is a reliable and consistent source of information.
4. The Legislature should direct the THECB to continue and expand the *Higher Education Assistance Program* and *First Generation College Student Initiative* so more students will learn of financial aid through these outreach programs.
5. The Legislature should require institutions to allow students who are waiting for disbursement of financial aid to register on an accounts-receivable basis.

6. The Legislature should take necessary action to make state financial aid funds available at the start of the academic year in August.
7. The Legislature should expand the state's emergency tuition and fee loan program to allow awards to students for books and supplies. If funding in the emergency tuition and fee loan program is limited, allow institutions to give priority to needy students.
8. The Legislature should adjust the state's tuition and fee installment plan to provide more payment options to all families.
9. The Legislature should retain and fully fund the major state financial aid programs.²
10. If the Legislature cannot fully fund the TEXAS Grant and Be-on-Time Loan Programs, the programs should be applied in tandem, with students receiving TEXAS Grants during their first two years of college (first three years, if they acquire an associate's degree), and then receiving Be-on-Time loans for the balance of their studies.
11. If the Legislature cannot fully fund the TEXAS Grant and Be-on-Time Loan Programs, program eligibility should be limited to five years.
12. The Legislature should direct the THECB to base TEXAS Grant award amounts based on tuition and fee projections for the upcoming academic year.³
13. The Legislature should allow students who enter the TEXAS Grant Program based on seventh semester high school transcripts to continue in the program if they then meet the program's college academic progress requirements.
14. The Legislature should change the academic progress requirement for the TEXAS Grant II Program to conform with those of the TEXAS Grant and Be-on-Time Loan Programs.⁴
15. The Legislature should change the employer contribution requirements of the Texas College Work-Study Program to match those of the much larger Federal Work-Study Program.
16. The Legislature should provide the same hardship provisions for students receiving awards through the TEXAS Grant II Program as are available for students in the TEXAS Grant Program.
17. The Legislature should rename the TEXAS Grant II Program to be the *Texas Educational Opportunity Grant (TEOG)* to eliminate confusion with the TEXAS Grant Program.
18. The Legislature should expand the state's tuition rebate program to include students who graduate on time as defined by the calendar as well as by the number of hours attempted; increase the value of the rebate and appropriate funds to meet program costs.
19. The Legislature should direct the THECB to conduct an additional study to identify potential

² Approximate cost of fully funding all eligible students at current eligibility standards: TEXAS Grants: \$524.4 million, B-on-Time: \$323.2 million, State Work Study Program: \$14 million, Texas Grants II: \$225 million, Tuition Equalization Grant: \$82 million.

³ TEXAS Grant awards are currently based on 2003-2004 tuition and fees, which are less than the true cost for 2004-2005.

⁴ Unlike the TEXAS Grant Program, the TEXAS Grant II Program does not require recipients to have completed the Recommended High School Curriculum. Therefore, students who receive TEXAS Grant II awards are typically less prepared for college than TEXAS Grant recipients. However, the continuation award requirements for TGII are more stringent than those for the TEXAS Grant. For those reasons, the TGII requirements should be changed to equal those of the TEXAS Grant and BOT Loan Programs.

improvements in state exemption and waiver programs.

Charge #5

Review and make recommendations relating to the adequacy of funding for graduate medical education, including funding required for professors, facilities, research programs and students. Review and make recommendations relating to increasing the number of health professionals.

1. The Legislature should prioritize the Texas Higher Education Coordinating Board's (THECB) recommendation to restore state graduate medical education (GME) funding to 2002-2003 biennium levels and provide additional state funds for federal Medicaid match.
2. The Legislature should prioritize the THECB's recommendation to adopt formula allocations for faculty costs and resident support.
3. The Legislature should prioritize the THECB's recommendation to provide state funding to allow for the addition of 300 additional residency positions.
4. In evaluating and prioritizing requests for additional GME funds, the Legislature should consider whether the applications for additional funding accomplish the following goals:
 - a. Increase services to either non-insured or under-insured Texans.
 - b. Increase the number of Medicare and/or Medicaid funded GME residency positions in the state.
 - c. Increase ambulatory experiences and improve the quality of care to the underserved through programs such as disease management.
 - d. Increase the geographic equity of Medicaid and Medicare GME funding in the state.
 - e. Ensure continued GME programs in all areas of the state including rural, small, and urban areas of the state.
5. The THECB and the Health and Human Services Commission should work together to pursue opportunities with the Centers for Medicare and Medicaid Services to allow innovations in training of medical residents. These combined efforts should include, but not be limited to, waivers and/or programs that:
 - a. increase services to either non-insured or under-insured Texans.
 - b. increase the number of Medicare and/or Medicaid funded GME residency positions in the state.
 - c. increase ambulatory experiences and improve the quality of care to the underserved through programs such as disease management.
 - d. increase the geographic equity of Medicaid and Medicare GME funding in the state.
6. The Legislature should study the availability and use of the Trauma Funds from the Trauma Facility and Emergency Medical Services Account as a source of funding for additional residency positions with the added benefit of drawing down additional federal matching dollars and protecting the disproportionate share dollars currently received by hospitals for unfunded care.

Joint Interim Charges with the Senate Finance Committee

Charge #1F (Joint Finance Charge)

Study and make recommendations relating to the development of a statewide accountability system for higher education that is consistent with funding strategies for higher education.

1. The Legislature should adopt a statewide accountability system for institutions of higher education to promote transparency and excellence.
2. The Legislature should review and consider incorporating in its statewide accountability system the institutional groupings, performance measures, and benchmarks developed by the Texas Higher Education Coordinating Board (THECB) and the Council of Public University Presidents and Chancellors (CPUPC) in response to the Governor's Executive Order RP 31.
3. The Legislature should review annually the groupings, performance measures, and benchmarks to determine their effectiveness in assisting the state in reaching its goals of *Closing the Gaps by 2015*.
4. The Legislature should evaluate, in consultation with the THECB and the CPUPC, an appropriate mechanism for linking future excellence funding to performance, as measured by the accountability system. The mechanism should take into consideration the various missions and circumstances of institutions. This evaluation should include, but not be limited to, a consideration of restricting an institution's right to deregulate tuition based on performance, as measured by the accountability system.
5. The Legislature should prioritize undergraduate excellence in determining the system's performance measures and benchmarks.

Charge #2F (Joint Finance Charge)

Study and make recommendations evaluating the cost of increasing the number of Tier 1 universities in Texas. Reexamine current and alternative methods of funding regional universities, community colleges, health science centers and their reimbursement for the provision of indigent health care, and universities.

1. The Legislature should direct the Texas Higher Education Coordinating Board to convene a panel of scholars to make recommendations relating to a definition of a Tier 1 institution.
2. To avoid confusion related to the Higher Education Fund and the Higher Education Assistance Fund, the Legislature should adopt new language to distinguish the two. An option would be to continue to refer to the annual appropriation itself as the Higher Education Fund (HEF) and refer to the endowment established by Article VII of the Constitution as the Permanent Higher Education Fund (P-HEF). The Legislature should eliminate reference to the Higher Education Assistance Fund (HEAF).
3. The Legislature should create mechanisms such as public/private partnerships, matching funds programs, etc. to increase the number of flagship institutions in Texas.

Charge #3F (Joint Finance Charge)

Study the budgetary impact of legislation to deregulate tuition at institutions of higher education. This study should include, but not be limited to, a review of recent tuition increases

authorized by this Act, their impact on affordability of higher education, and an evaluation of the expenditure of these funds.

1. The Legislature should establish a sliding scale for the financial aid set-aside required by HB 3015. As universities increase tuition under tuition deregulation, the set-aside should increase accordingly.

Charge #1

Study the impact of admissions policies on enrollment in Texas public institutions and make recommendations for improving the admissions procedures, as necessary. The study should include, but not be limited to, a review of recent court decisions on college admissions policies, and an evaluation of the impact of the "Top 10 Percent" law on college admissions.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge #1 on April 29 and June 24. The April 29 hearing was devoted strictly to a discussion of the Top 10 Percent Law, and included invited testimony only from:

- Larry Faulkner, President, The University of Texas at Austin
- Robert Gates, President, Texas A&M University

The June 24 hearing included a comprehensive discussion of Charge #1, including invited testimony from:

- Troy Johnson, PhD, former President, Texas Association of Collegiate Registrars and Admissions Officers; Dean of Enrollment Management, West Texas A&M University
- Curt Levey, Director of Legal and Public Affairs, Center for Individual Rights
- Lino Graglia, Professor, University of Texas School of Law
- Douglas Laycock, Professor, University of Texas School of Law
- Marta Tienda, PhD, Principal Investigator, Texas Top 10 Percent Project, Princeton University
- James Huffines, Chair, University of Texas System Board of Regents
- Scott Caven, Member, University of Texas System Board of Regents
- Erle Nye, Vice Chair, Texas A&M University System Board of Regents
- Bruce Walker, EdD, Vice Provost and Director of Admissions, The University of Texas at Austin
- Frank Ashley, EdD, Assistant Provost for Enrollment, Texas A&M University
- Robert Notzen, Texas State Conference of Branches of the National Association for the Advancement of Colored People
- Beth Henary Watson, Young Conservatives of Texas
- Norma Cantu, Board Member, Mexican American Legal Defense and Educational Fund

Impact of Admissions Policies on Enrollment

Dr. Troy Johnson, representing the Texas Association of Collegiate Registrars and Admissions Officers (TACRAO), was invited to describe the duties of admissions officers at institutions across the state, to discuss how state policy impacts the execution of those duties, and to make recommendations for improving admissions procedures.

Dr. Johnson discussed the variety of complex factors that influence college enrollment decisions for high school students to demonstrate the difficulty of developing uniform admissions policies that achieve particular enrollment goals. Further, Dr. Johnson testified that broad policies seldom have uniform effects on all state institutions because of the unique circumstances of the state's many higher education institutions.

TACRAO offered the following guiding principles for sound admissions policies:

- Admissions policies should be as simple as possible for students, parents and counselors.
- Admissions policies and other programs that affect enrollment such as financial aid should be planned carefully to ensure that these programs can persist. Parents, students and schools count on established admissions standards and financial aid opportunities. For instance, under-funding the Texas Grants Program and withdrawing the Texas Guaranteed Tuition Plan are perceived as "broken promises" that confuse families and create distrust, which ultimately is detrimental to the state's enrollment goals.
- Admissions policies should also be developed with consideration for the autonomy of the affected institutions.
- Programs to impact college enrollment must begin prior to high school, especially programs attempting to reach first-generation college-goers. For instance, Dr. Johnson recommended specifically that the Legislature continue to support the College for Texans Campaign because of its focus on reaching children with a message about college at an early age.

Additionally, TACRAO provided subcommittee staff specific recommendations for admissions procedures via continued correspondence throughout the interim. These included the following:

- Consider the feasibility of a common electronic format for high school transcripts.
- Consider the feasibility of standardized high school grade point averages.
- Maximize college advising in high schools.
- Maintain support for the College for Texans Campaign.
- Study the typical course schedule of high school seniors.

Recent court decisions

The Subcommittee heard a candid discussion of recent court decisions related to college admissions from a legal panel consisting of Lino Graglia, Douglas Laycock, and Curt Levey. Each of the panelists agreed that the 2003 Supreme Court rulings in Grutter v. Bollinger et al, 539 US 306 (*Grutter*) and Gratz et al v. Bollinger et al, 539 US 244 (*Gratz*) provided for a more limited consideration of race and ethnicity in college

admissions than was permissible prior to the 1996 ruling of the United States 5th Circuit Court of Appeals in Hopwood v. State of Texas, 533 US 929 (*Hopwood*), which made any use of race and ethnicity unconstitutional between the years of 1996 and 2003.

According to Professor Laycock, the *Grutter* decision held that affirmative action is permissible, because states have compelling interests in diversity in higher education. As the Court explains it, diversity includes the following:

- diverse viewpoints in the classroom;
- breaking down racial and ethnic stereotypes;
- preparing citizens and workers for a diverse society;
- educating a diverse and highly qualified set of future leaders; and
- keeping the pathway to leadership visibly open.

Professor Laycock further summarized the permitted means of affirmative action under *Grutter*. The Court held that race could be considered only after serious and good-faith consideration of race-neutral alternatives. Race-neutral alternatives are not required unless they work "about as well" as race-conscious alternatives. Institutions are not required to sacrifice academic excellence to make race-neutral means work.

If race is considered by an institution, an individualized and holistic review of applications is necessary. A university must consider all diversity factors, not just race and ethnicity. Race and ethnicity can be weighted more heavily than other diversity factors, but cannot be a guarantee of admission. No mechanical means, such as point systems, are permitted under the ruling. Finally, if race is considered, a periodic review of the program is necessary.

While *Grutter* established the constitutionality of limited consideration of race and ethnicity in admissions, the legal panel was not unanimous regarding the applicability of the ruling to Texas. Mr. Levey, for instance, suggested that Texas universities may not be able to consider race and ethnicity legally, because the Top 10 Percent Law was an effective race-neutral means of achieving diversity. Professor Laycock, on the other hand, argued that there are special applications of the permissible reasons for affirmative action in Texas. He cited, for example, projections that minority groups will represent 76 percent of the population of Texas by 2040. If minority youth are to be Texas' future leaders, then the state's future depends on educating them at the highest levels. Professor Graglia argued that the *Grutter* decision was a sham, and that there was no constitutional way to consider race and ethnicity in admissions. He suggested that a lower court may acknowledge that there is no constitutional way to apply the "sham" decision and rule affirmative action unconstitutional in Texas despite the high court ruling.

All panelists agreed that The University of Texas at Austin's (UT-Austin) decision to include race among other factors in its admissions process for the 2005 incoming class would be challenged in court.

Top 10 Percent Law

The 75th Legislature passed HB 588, relating to uniform admission and reporting procedures for institutions of higher education. The Top 10 Percent Law, as it has come to be known, was passed to mitigate the devastating consequences of *Hopwood* on minority enrollment, primarily at UT-Austin and Texas A&M University (TAMU).¹ The bill required each state institution of higher education to admit an undergraduate applicant if the applicant graduated in one of the preceding two school years from an accredited public or private high school with a grade point average in the top 10 percent of the student's graduating class.

Evaluating the Top 10 Percent Law's Impact on Diversity

In each year from 1998 to 2003, UT-Austin's Admissions office has released a *Report on the Implementation and Results of the Texas Automatic Admissions Law* that is focused on long-term trends: eight years of demographics (1998-2003) and six years of performance (1997-2002). The 2003 report (Report #6)² was the most current report available at the time of the June 24 hearing. Dr. Bruce Walker, EdD, Vice Provost and Director of Admissions, UT-Austin, presented this report at the June 24 hearing. Dr. Frank Ashley, EdD, Assistant Provost for Enrollment, TAMU, presented admissions and enrollment data in a format comparable to that of Report #6.

Prior to the final printing of the Senate Subcommittee on Higher Education Report the 79th Legislature, the Office of Admissions at UT-Austin and TAMU provided updated 2004 admissions and enrollment data to the subcommittee staff, which are included in the following tables. For UT-Austin, this information will be available online in December.³

Report #6 shows that the 2003 entering freshman class at UT-Austin was the most diverse in history, exceeding 40 percent minority enrollment (40.7 percent) for the first time in history. This number continued to grow in 2004 to 41.4 percent, and it has increased every year since 1997. The percentage of minority students enrolled decreased in 1997, a year with no affirmative action and no Top 10 Percent Law. At TAMU, the minority enrollment did not return to 1996 levels until 2004 (20 percent).

Table 1 and Table 2 on the following pages provide a demographic analysis of the applicants, admits and enrolled students from 1996 to 2004 at UT-Austin and TAMU, respectively.

¹ This discussion will focus on UT-Austin and TAMU, because these are the only institutions admitting a large percentage of freshmen under HB 588. No other state institution admits over 30 percent of its class under the law.

² *Report on the Implementation and Results of the Texas Automatic Admissions Law*:
<http://www.utexas.edu/student/admissions/research/HB588-Report6-part1.pdf>

³ *Report on the Implementation and Results of the Texas Automatic Admissions Law*:
<http://www.utexas.edu/student/admissions/research/HB588-Report7-part1.pdf>

Table 1
UT-Austin Applicants/Admits/First-Time Freshmen, Summers and Falls Combined (1996-2004)
Applicants

	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	10584	61	9134	61	10138	60	11051	58	12737	59	11723	56	12603	57	13944	57	12417	54
Native American	119	1	67	<1	94	1	87	<1	107	<1	127	1	110	<1	111	<1	127	1
African American	809	5	639	4	660	4	1030	5	1186	6	1053	5	1159	5	1351	6	1456	6
Asian American	2363	14	2184	15	2491	15	2668	14	2939	14	3123	15	3259	15	3439	14	3262	14
Hispanic	2492	14	1955	13	2338	14	2831	15	3087	14	3164	15	3487	16	4101	17	4035	18
International	896	5	946	6	958	6	1199	6	1404	7	1673	8	1447	7	1477	6	1571	7
Unknown	0	0	57	<1	118	1	64	<1	79	<1	123	1	114	1	96	<1	140	1
Total	17263	100	14982	100	16797	100	18930	100	21539	100	20986	100	22179	100	24519	100	23008	100

Admits

	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	7167	63	7964	65	7659	64	7421	62	8162	62	7787	61	8258	61	6852	60	6814	58
Native American	63	1	54	<1	59	<1	47	<1	59	<1	68	1	61	<1	37	<1	53	<1
African American	501	4	419	3	401	3	517	4	562	4	445	3	494	4	448	4	569	5
Asian American	1654	14	1938	16	1942	16	1970	16	2151	16	2198	17	2298	17	1991	17	2013	17
Hispanic	1761	15	1592	13	1620	14	1705	14	1823	14	1815	14	1945	14	1795	16	1911	16
International	310	3	312	3	252	2	248	2	471	4	355	3	379	3	348	3	390	3
Unknown	0	0	10	<1	42	<1	41	<1	28	<1	65	1	41	<1	33	<1	38	<1
Total	11456	100	12289	100	11975	100	11949	100	13256	100	12733	100	13476	100	11504	100	11788	100

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Enrolled

	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	4159	65	4730	67	4399	65	4447	63	4801	63	4447	61	4882	62	3866	59	3901	57
Native American	34	<1	36	1	37	<1	28	<1	32	<1	34	<1	35	<1	19	<1	28	<1
African American	266	4	190	3	199	3	286	4	296	4	242	3	272	3	267	4	309	5
Asian American	942	15	1130	16	1133	17	1221	17	1325	17	1413	19	1452	18	1153	18	1218	18
Hispanic	932	14	892	13	891	13	976	14	1011	13	1024	14	1137	14	1068	16	1149	17
International	97	2	107	2	83	1	82	1	217	3	139	2	157	2	156	2	173	3
Unknown	0	0	0	0	2	<1	0	0	4	<1	38	<1	0	0	15	<1	18	<1
Total	6430	100	7085	100	6744	100	7040	100	7686	100	7337	100	7935	100	6544	100	6796	100

Table 2
TAMU Applicants/Admits/First-Time Freshmen, Summers and Falls Combined (1996-2004)

Applicants																		
	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	11045	74%	10850	73%	10008	75%	10959	76%	12537	75%	12321	74%	12870	74%	12909	75%	12447	72%
Native American	73	0%	90	1%	61	0%	83	1%	78	0%	96	1%	70	0%	79	0%	92	1%
African American	761	5%	653	4%	517	4%	568	4%	545	3%	635	4%	664	4%	603	3%	751	4%
Asian American	708	5%	952	6%	734	6%	872	6%	1016	6%	1071	6%	1196	7%	1131	7%	1272	7%
Hispanic	1874	13%	1704	11%	1422	11%	1514	10%	1892	11%	1954	12%	1924	11%	2084	12%	2229	13%
International	236	2%	273	2%	276	2%	230	2%	291	2%	388	2%	430	2%	417	2%	515	3%
Unknown	202	1%	392	3%	240	2%	227	2%	417	2%	220	1%	130	1%	27	0%	18	0%
Total	14899	100%	14914	100%	13258	100%	14453	100%	16776	100%	16685	100%	17284	100%	17250	100%	17324	100%
Admits																		
	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	8279	75%	8658	75%	8876	77%	8387	78%	8296	75%	8745	76%	9057	77%	8891	76%	9217	74%
Native American	48	0%	60	1%	54	0%	61	1%	54	0%	61	1%	45	0%	41	0%	59	0%
African American	528	5%	420	4%	389	3%	363	3%	356	3%	399	3%	386	3%	356	3%	465	4%
Asian American	510	5%	691	6%	611	5%	586	5%	658	6%	643	6%	732	6%	706	6%	862	7%
Hispanic	1432	13%	1298	11%	1182	10%	1060	10%	1316	12%	1339	12%	1251	11%	1389	12%	1579	13%
International	97	1%	141	1%	169	1%	128	1%	167	2%	208	2%	222	2%	235	2%	231	2%
Unknown	129	1%	291	3%	186	2%	163	2%	251	2%	136	1%	84	1%	21	0%	13	0%
Total	11023	100%	11559	100%	11467	100%	10748	100%	11098	100%	11531	100%	11777	100%	11639	100%	12426	100%
Enrolled																		
	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	5136	80%	5015	80%	6033	82%	5552	83%	5389	81%	5544	82%	5759	83%	5538	82%	5640	80%
Native American	24	0%	29	0%	38	1%	33	0%	35	1%	37	1%	27	0%	27	0%	38	1%
African American	230	4%	178	3%	197	3%	180	3%	173	3%	198	3%	182	3%	158	2%	213	3%
Asian American	177	3%	224	4%	259	4%	231	3%	251	4%	222	3%	233	3%	234	3%	267	4%
Hispanic	713	11%	607	10%	669	9%	570	9%	669	10%	674	10%	669	10%	692	10%	865	12%
International	45	1%	50	1%	60	1%	46	1%	47	1%	48	1%	47	1%	67	1%	40	1%
Unknown	62	1%	130	2%	98	1%	83	1%	121	2%	37	1%	32	0%	10	0%	5	0%
Total	6387	100%	6233	100%	7354	100%	6695	100%	6685	100%	6760	100%	6949	100%	6726	100%	7068	100%

Dr. Walker testified that a large percentage of minority students are admitted under the Top 10 Percent Law. In 2004, 75 percent of the African Americans admitted to UT-Austin were admitted under the Top 10 Percent Law, up from 28 percent in 1997. Seventy-three percent of the African Americans that enrolled at UT-Austin in 2004 were admitted under the law.

In addition, 76 percent of Hispanic students were admitted under the law in 2004, up from 39 percent in 1997. This percentage decreased, however, from 2003 (79 percent). The percentage of Hispanic students enrolling at UT-Austin in 2004 who were admitted under the Top 10 Percent Law was 77 percent. At TAMU, 49 percent of African Americans and 50 percent of Hispanics were admitted under the law in 2004. Forty-nine percent of enrolled African American students were admitted under the law compared to 48 percent of enrolled Hispanic students.

Table 3 and Table 4 on the following pages illustrate the differential impact of the Top 10 Percent Law on the different racial/ethnic groups at UT-Austin and TAMU, respectively.

Table 3
UT-Austin Top 10 Percent Students Admitted/Enrolled by Racial/Ethnic Background
Admits from Texas High Schools (HB 588 Automatic Admits) Summer/Fall Combined

Admitted																
ETHNICITY	1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	2262	28	2561	33	2753	37	3182	39	3213	41	3527	43	3996	58	3817	56
African American	118	28	143	36	268	52	291	52	245	55	278	56	326	73	428	75
Asian American	803	41	863	44	998	51	1034	48	1081	49	1211	53	1250	63	1257	62
Hispanic	613	39	734	45	911	53	1020	56	1012	56	1177	61	1424	79	1451	76
Enrolled																
ETHNICITY	1997		1998		1999		2000		2001		2002		2003		2004	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
White	1408	30	1497	34	1620	36	1921	40	1942	44	2203	45	2378	62	2270	58
African American	50	26	69	35	160	56	156	53	137	57	156	57	194	73	225	73
Asian American	505	45	519	46	609	50	653	49	718	51	800	55	781	68	776	64
Hispanic	358	40	414	46	513	53	591	58	575	56	703	62	858	80	887	77

* “%” refers to the percentage of a racial/ethnic group automatically admitted under the provisions of HB 588. For example, in 1997, 2262 of 7964 (see Table 1) Whites were automatically admitted. That is 28 percent .

Table 4
TAMU Top 10 Percent Students Admitted by Racial/Ethnic Background
Admits from Texas High Schools (HB 588 Automatic Admits) Summer/Fall Combined

Admitted																		
	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	% of Admits*																
White	3609	44%	3656	42%	3555	40%	3682	44%	3940	47%	4239	48%	4302	47%	4334	49%	4188	45%
Native American	24	50%	18	30%	21	39%	22	36%	21	39%	22	36%	20	44%	16	39%	21	36%
African American	195	37%	189	45%	161	41%	154	42%	163	46%	204	51%	194	50%	185	52%	230	49%
Asian American	259	51%	356	52%	259	42%	322	55%	335	51%	344	53%	374	51%	344	49%	400	46%
Hispanic	654	46%	676	52%	587	50%	580	55%	714	54%	761	57%	669	53%	769	55%	784	50%

Enrolled																		
	1996		1997		1998		1999		2000		2001		2002		2003		2004	
	N	% of Enrld*																
White	2249	44%	2069	41%	2460	41%	2462	44%	2624	49%	2779	50%	2778	48%	2754	50%	2617	46%
Native American	14	58%	8	28%	16	42%	10	30%	12	34%	15	41%	12	44%	12	44%	14	37%
African American	82	36%	67	38%	61	31%	64	36%	74	43%	106	54%	87	48%	71	45%	104	49%
Asian American	90	51%	99	44%	109	42%	123	53%	128	51%	129	58%	125	54%	109	47%	140	52%
Hispanic	284	40%	252	42%	321	48%	298	52%	338	51%	385	57%	346	52%	365	53%	418	48%

*"%" refers to the percentage of a racial/ethnic group automatically admitted under the provisions of HB 588. For example, in 1996, 3609 of 8279 (see Table 1) Whites were automatically admitted. That is 44%.

It is also noteworthy that the number of high schools represented at UT-Austin increased by almost 200 under HB 588, reaching across the state to areas that were historically under-represented.⁴

It is important to consider that 1996 was only a partial affirmative action year. The *Hopwood* decision came down on March 18, at the height of the admission season. The mandate was stayed on April 19 in an unreported order. The stay expired on July 1. Therefore, traditional affirmative action was not in full effect for 1996. UT-Austin law professor Douglas Laycock argues that comparing the diversity levels at UT-Austin during the years when traditional affirmative action was used provides a different perspective.⁵

At UT-Austin, from 1982 to 1995, African American enrollment as a percentage of entering freshmen ranged from 4.1 percent to 6.2 percent, dropping below 4.7 percent only twice (in 1986 and 1987). In 1996, a year partially affected by *Hopwood*, African American enrollment again dropped to 4.1 percent of the freshman class. In 1997, with no consideration of race and no percentage plan, African Americans dropped to 2.7 percent of the freshman class. The Top 10 Percent Law was enacted in 1997 and first affected admissions in 1998. African Americans as a percentage of the freshman class in 1998 rose to 3.0 percent. From 1999 to 2003, with substantial recruiting, financial aid, and retention efforts, African American enrollment ranged from 3.4 percent to 4.1 percent. Therefore, the highest African American enrollment in the post-*Hopwood* years equals the lowest achieved with affirmative action; the best years since *Hopwood* are lower than any year from 1988 to 1995.

Hispanic enrollment at UT-Austin, on the other hand, reached its highest percentage ever in 2003. From 1982 to 1995, Hispanic enrollment ranged from 11.1 percent to 16.1 percent of the freshman class. In the transitional year of 1996, it remained approximately the same at 14.5 percent, and dropped to 12.6 percent in 1997 when race was not considered and there was no percent plan. With the Top 10 Percent Law, from 1998 to 2002, the range was from 13.2 percent to 14.3 percent.

Table 5 below provides longitudinal demographics at UT-Austin prior to *Hopwood*.

Table 5
UT-Austin Office of Institutional Studies Profile of First-Time Freshman Fall Semesters

	1982*	1983*	1984*	1985*	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
New Freshmen Enrollment	5,227	5,487	6,079	6,299	6,807	7,151	7,907	6,983	6,047	5,963	5,730	5,987	6,086	6,352
White	77.1	75.4	75.7	76.4	76.6	74.1	73.3	69.4	66.8	66.3	65.6	63.5	64	64.2
American Indian	0.1	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.4	0.4	0.3	0.4	0.3	0.4
Black	5.5	6.1	6.2	5	4.2	4.1	5	5.4	5	4.7	4.8	5.6	5.3	4.9
Asian American	3.1	3.9	5.3	5.9	6.3	7.8	7.7	9.1	10	10.8	12.3	13.1	14.8	14.2
Hispanic	11.2	12	11.2	11.2	11.1	11.8	12.2	13.7	16.1	16	15.5	16.1	14.5	14.7
Foreign	2.9	2.5	1.6	1.4	1.6	2	1.6	2.1	1.7	1.8	1.5	1.3	1.2	1.5

*Notes: For years 1982-1985, UT-Austin only counted enrollment for students entering higher education for the first time in the fall semester. For years 1986-1995, UT-Austin included students entering during the summer and fall.

⁴ Estimates from UT-Austin Office of Admissions, based on the College Board high school codes: from 631 in 1996 to 817 in 2004.

⁵ Laycock, Douglas (2004). *The Broader Case for Affirmative Action: Desegregation, Academic Excellence, and Future Leadership*. Tulane Law Review: Volume 78, Number 6, p. 1812-1815.

While the total percentage of Hispanic enrollment is greater in 2003 and 2004, Hispanic enrollment, as a percentage of the state's college-age population, has declined. As a percentage of the college-age population, the Hispanic population is growing, representing 30.9 percent in 1990 and 40.6 percent in 2003. This increase alone accounts for much of the increase in Hispanic enrollment at UT-Austin. In 1990 under affirmative action, Hispanic representation in the freshman class (16.1 percent) as a percentage of Hispanic representation in the college-age population (30.9 percent) was 52 percent. In 2003, even with Hispanic representation in the freshman class at a record-high, Hispanic freshman representation as a percentage of the Hispanic college-age population was only 40 percent, much lower than the 52 percent in 1990.⁶

Unlike Hispanics, African Americans, as a percentage of the college-age population, have declined since 1990, from 13.3 percent to 12.2 percent in 2003. In 1990 under affirmative action, African American representation in the freshman class (5.0 percent) as a percentage of African American representation in the college-age population (13.3 percent) was 41 percent. In 2003, this percentage is 31.9 percent, a significant decrease.⁷

Evaluating the Performance of Students Admitted Under the Top 10 Percent Law

To further evaluate the Top 10 Percent Law, the performance of students admitted under the law must be reviewed. Dr. Walker testified at the June 24 hearing that top 10 percent students at UT-Austin consistently outperform students not in the top 10 percent. Further, they perform better in engineering and science. They also outperform students with 200 to 300 point higher SAT scores. Across all ethnic groups, their persistence and graduation rates are higher. Dr. Ashley testified that TAMU has the same performance experience with the top 10 percent students as UT-Austin. Ashley said that top 10 percent students have higher SAT scores and more were exempted or passed Texas Academic Skills Program (TASP) than other students at TAMU, and that freshmen grade point averages were a half point higher than non-top 10 percent freshmen across the curriculum.

Table 6 and Table 7 on the following pages compare the continuing/graduation rates for top 10 percent students with those of non-top 10 percent students at UT-Austin and TAMU, respectively.

⁶ Hispanics as a percentage of the college age population (18-24) were projections based on the 2000 U.S. Census provided by Steve Murdock, Texas State Data Center.

⁷ African Americans as a percentage of the college age population (18-24) were projections based on the 2000 U.S. Census provided by Steve Murdock, Texas State Data Center.

Table 6
UT-Austin Continuing and Graduation Rates for First-Time Freshmen
Graduates of Texas High Schools (1996-2003)

	1996		1997		1998		1999		2000		2001		2002		2003	
	Top 10%	Non-Top 10%														
Continuing																
After 1 yr	89.66	84.09	91.60	82.74	92.32	85.65	92.34	85.93	93.19	89.52	91.29	88.20	91.53	90.25	93.05	92.57
After 2 yrs	85.30	76.86	87.56	75.33	87.78	80.40	89.06	79.95	89.15	84.24	87.64	82.06	87.72	85.25		
After 3 yrs	80.85	72.06	82.72	71.06	82.57	75.59	84.27	74.67	83.20	77.86	81.60	75.55				
After 4 yrs	36.66	39.64	38.51	41.56	37.33	43.09	37.71	38.71	34.34	36.68						
After 5 yrs	8.98	12.39	9.05	12.65	8.44	11.65	6.80	10.07								
After 6 yrs	2.92	5.33	3.34	4.46	2.79	4.20										
Graduated																
After 1 yr											0.03					
After 2 yrs	0.08	0.03	0.17	0.12	0.12	0.11	0.03	0.17	0.09	0.08	0.18	0.34	0.10	0.18		
After 3 yrs	3.17	1.84	3.39	1.73	2.99	2.11	3.07	2.37	3.92	3.10	4.47	3.50				
After 4 yrs	45.18	30.73	45.46	28.76	46.80	32.50	47.79	35.32	51.05	39.64						
After 5 yrs	71.87	56.86	73.80	55.99	74.69	61.66	77.06	61.15								
After 6 yrs	78.09	63.94	79.07	63.33	80.78	69.06										
Combined*																
After 1 yr	89.66	84.09	91.60	82.74	92.32	85.65	92.34	85.93	93.19	89.52	91.32	88.20	91.53	90.25	93.05	92.57
After 2 yrs	85.38	76.89	87.73	75.45	87.90	80.51	89.09	80.12	89.24	84.32	87.82	82.40	87.82	85.43		
After 3 yrs	84.02	73.90	86.11	72.79	85.56	77.70	87.34	77.04	87.12	80.96	86.07	79.05				
After 4 yrs	81.84	70.37	83.97	70.32	84.13	75.59	85.50	74.03	85.39	76.32						
After 5 yrs	80.85	69.25	82.85	68.64	83.13	73.31	83.86	71.22								
After 6 yrs	81.01	69.27	82.41	67.79	83.57	73.26										

* The "Combined" value is the sum of the "Continuing" and "Graduated" values.

Table 7

**TAMU First-Time In College Full-Time (FTFT) Student Retention/Graduation Rates (Texas High School Graduates ONLY)
Fall 1999 - Fall 2003 Cohorts All Ethnicities (Non-Certified Fall 2004 Data)**

Texas A&M University			1999		2000		2001		2002		2003	
			Top 10%	Non- Top 10%								
Cohort Total			2954	3342	3203	3018	3344	2560	3322	2849	3281	2698
After 1 yr	Retention	#	2,705	2,867	2,952	2,550	3,064	2,228	3,036	2,452	3,027	2,364
		%	91.57%	85.79%	92.16%	84.49%	91.63%	87.03%	91.39%	86.07%	92.26%	87.62%
After 2 yrs	Graduation	#	2	1	1	3	2	1	1	1		
		%	0.07%	0.03%	0.03%	0.10%	0.06%	0.04%	0.03%	0.04%		
	Retention	#	2,607	2,719	2,824	2,378	2,950	2,070	2,918	2,308		
		%	88.25%	81.36%	88.17%	78.79%	88.22%	80.86%	87.84%	81.01%		
After 3 yrs	Graduation	#	63	28	72	33	79	30				
		%	2.13%	0.84%	2.25%	1.09%	2.36%	1.17%				
	Retention	#	2,501	2,595	2,704	2,295	2,814	1,988				
		%	84.66%	77.65%	84.42%	76.04%	84.15%	77.66%				
After 4 yrs	Graduation	#	1,293	942	1,400	883						
		%	43.77%	28.19%	43.71%	29.26%						
	Retention	#	1,241	1,606	1,339	1,405						
		%	42.01%	48.06%	41.80%	46.55%						
After 5 yrs	Graduation	#	2,306	2,176								
		%	78.06%	65.11%								
	Retention	#	216	334								
		%	7.31%	9.99%								

Since the passage of HB 588 the State of Texas mandated that its colleges and universities measure student readiness for college-level study through the use of the Texas Academic Skills Program (TASP) test. In 2004, TASP was renamed the Texas Higher Educational Assessment (THEA). The instrument consists of three achievement tests: reading, mathematics, and writing. In September 2003 the TASP was replaced with the Texas Success Initiative (TSI). Students can be exempt from TASP/TSI by an acceptable performance on either the SAT, ACT or the Texas high school exit tests. Students who are not exempt fall into one of two categories: "passed" (not exempt but made passing scores on TASP/THEA) or "remediation" (scored too low on TASP/THEA and participated in required remedial activities).

Using this standard, for all practical purposes, UT-Austin is remediation-free. From 1999 to 2003, one percent (or less) of both top 10 percent and non-top 10 percent UT-Austin entering freshmen required remediation. Remediation was never required for more three percent of students in either category at UT-Austin.

Table 8 below illustrates the TASP results for UT-Austin from 1997 to 2004.

Table 8
UT-Austin TASP Results for Top 10 Percent and Non-Top 10 Percent Students (1997-2004)

TASP Status	1997		1998		1999		2000		2001		2002		2003		2004	
	Top 10%	Other														
Exempt (%)	79	79	89	82	90	85	90	88	91	91	96	95	97	97	94	96
Passed (%)	19	18	10	15	9	14	8	10	8	8	4	5	2	3	4	3
Remediation (%)	2	3	1	3	1	1	1	1	1	1	<1	1	<1	<1	2	1
Total (N-count)	2332	4003	2513	3597	2925	3596	3346	3713	3423	3255	3932	3302	4289	1804	4241	2157

At TAMU, where remediation is needed for a slightly higher percentage of students, top 10 percent students have required less remediation than their non-top 10 percent counterparts in every year from 1997 to 2003. 2004 data is not yet available.

Table 9 illustrates the TASP results for TAMU from 1997 to 2003.

Table 9
TAMU TASP Results for Top 10 Percent and Non-Top 10 Percent Students (1997-2003)

TASP Status	1997		1998		1999		2000		2001		2002		2003	
	Top 10%	Other												
Exempt (%)	82	68	85	74	88	77	90	75	91	81	95	87	95	89
Passed (%)	17	25	14	18	10	18	5	12	5	10	3	7	3	7
Remediation (%)	1	7	1	8	2	5	5	13	4	9	2	6	2	4
Total (N-count)	2498	3395	2999	4000	2994	3413	3248	3106	3431	3020	3368	3247	3323	3011

At UT-Austin and TAMU, the grade point averages for top 10 percent students have, on average, remained consistently higher than their non-top 10 percent counterparts across disciplines and across ethnic groups, even when the non-top 10 percent students have higher standardized test scores. Table 10, on the following page, provides powerful validation of the predictive power of class rank. With

only one exception at the lowest SAT score range (in 2001), when top 10 percent students are compared to non-top 10 percent students, top 10 percent freshmen significantly out-performed their classmates. Indeed, at the mid-ranges where most students are located, top 10 percent students performed as well as non-top 10 percent students scoring 200-300 points higher on the SAT scale.

Table 10 and Table 11 on the following pages compare the SAT scores of top 10 percent students to their non-top 10 percent counterparts at UT-Austin and TAMU, respectively.

Table 10
UT-Austin Freshman Year Performance by SAT Score Range
1996-2003 (Graduates of Texas High Schools)

SAT Ranges	Entering 1996				Entering 1998				Entering 2000				Entering 2002				Entering 2003			
	Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%	
	N	GPA	N	GPA																
<900	15	2.61	40	2.11	27	2.34	52	2.28	82	2.52	45	2.49	98	2.46	43	2.16	128	2.50	30	2.17
900-990	54	2.58	151	2.46	89	2.68	169	2.37	176	2.86	117	2.61	223	2.69	96	2.43	258	2.71	43	2.46
1000-1090	297	2.83	482	2.50	309	2.88	560	2.60	439	2.94	531	2.69	522	2.89	374	2.66	572	2.90	128	2.79
1100-1190	475	3.04	948	2.62	473	2.97	1009	2.67	669	3.09	1005	2.76	728	3.08	776	2.80	805	3.09	274	2.94
1200-1290	622	3.19	1046	2.67	664	3.22	1009	2.76	810	3.28	1155	2.87	933	3.24	1074	2.94	1023	3.26	577	3.02
1300-1390	557	3.39	513	2.76	557	3.46	591	2.86	675	3.50	611	3.06	848	3.49	655	3.06	841	3.51	491	3.15
1400-1490	305	3.56	166	3.07	300	3.66	178	3.15	381	3.67	193	3.27	461	3.67	239	3.25	499	3.66	209	3.30
1500+	103	3.66	29	3.05	94	3.74	29	3.20	114	3.78	56	3.13	119	3.77	45	3.32	163	3.81	51	3.51
Total/Mean	2428	3.21	3375	2.65	2513	3.23	3597	2.72	3346	3.26	3713	2.86	3932	3.24	3302	2.90	4289	3.24	1804	3.05
SAT Mean	1253		1197		1243		1193		1226		1205		1226		1222		1223		1257	

Note: The ranges above, and throughout this report, represent SAT combined scores and concorded ACT scores. As is the case with the UT admissions routine, students submitting more than one set of scores were given the benefit of the best performance from a single test date. GPAs and n-counts are revised from previous reports.

Table 11
TAMU Freshman Year Performance by SAT Score Range
1996-2003 (Graduates of Texas High Schools)

SAT Ranges (ACT Values)	1996				1998				2000				2001				2002				2003			
	Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%		Top 10%		Non-Top 10%	
	N	GPA	N	GPA																				
No Scores	0		6	2.74	2	3.08	9	2.08	0		6	2.94	0		6	2.20	0		7	2.42	8	1.23	13	1.24
<900 (<18)	46	2.35	106	2.21	61	2.29	103	2.12	65	2.25	120	2.12	102	2.30	104	2.31	75	2.38	107	2.24	316	2.65	287	2.36
900-990 (18-21)	160	2.51	424	2.20	206	2.54	449	2.24	253	2.50	408	2.33	286	2.43	368	2.26	273	2.53	421	2.36	215	2.53	317	2.27
1000-1090 (21-23)	408	2.77	798	2.30	508	2.70	1070	2.38	559	2.70	788	2.40	652	2.70	749	2.41	667	2.73	807	2.50	533	2.73	644	2.44
1100-1190 (23-26)	677	2.90	1033	2.46	754	2.91	1217	2.45	853	2.91	855	2.55	914	2.92	822	2.56	910	2.9	870	2.56	808	2.96	735	2.58
1200-1290 (26-28)	674	3.10	641	2.53	770	3.12	816	2.57	788	3.17	557	2.62	754	3.09	558	2.60	755	3.16	559	2.70	717	3.1	505	2.72
1300-1390 (29-31)	497	3.29	226	2.79	458	3.27	255	2.64	502	3.27	305	2.79	473	3.29	339	2.86	470	3.32	376	2.76	491	3.34	470	2.81
1400-1490 (31-33)	196	3.45	60	2.94	185	3.42	69	2.92	192	3.52	58	2.96	201	3.53	62	2.96	176	3.52	92	2.90	178	3.59	91	2.97
1500+ (34-36)	61	3.67	11	2.97	55	3.67	12	3.02	36	3.60	9	2.96	49	3.68	12	3.04	42	3.78	8	2.80	45	3.74	23	3.41
Total/Mean	2719	3.03	3305	2.43	2999	2.99	4000	2.44	3248	2.99	3106	2.51	3431	2.95	3020	2.53	3368	2.99	3247	2.57	3311	2.99	3085	2.57
SAT Mean	1203		1124		1188		1124		1183		1124		1171		1132		1172		1133		1179		1147	

Note: The ranges above, and throughout this report, represent SAT combined scores and concorded ACT scores. Student submitted more than one set of scores were given the benefit of the best performance from a single test date. GPA and n-counts are revised from previous reports. Because of space limitations, the entering classes of 1997 and 1999 were excluded in Tables 6 - 6(d).

Report #6, the upcoming Report #7, and the comparable TAMU data provide detailed analyses of differences in performance between top 10 percent and non-top 10 percent students by racial/ethnic group and college/schools. With rare exceptions, top 10 percent students outperform their non-top 10 percent classmates in every college/school and in every racial/ethnic group. This data is not included in this report due to space considerations, but is available online.⁸

Criticisms of the Top 10 Percent Law

Dr. Marta Tienda, Professor of Sociology, Princeton University, is the principal investigator for the Texas Top 10 Percent Project, a five year study on the impact of HB 588.⁹ Specifically, the study evaluates factors that influence decision-making about college. The study uses administrative data from state institutions, Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB), as well as a longitudinal survey of a representative sample of high school seniors and sophomores. At the June 24 hearing Dr. Tienda addressed some of the criticisms of the Top 10 Percent Law.

One criticism is that students graduating in the second decile of their high school senior classes who attend competitive high schools are being crowded out by the top 10 percent graduates of less affluent, lower-performing high schools. Further, some have argued that the "admissions squeeze" produced by HB 588 has fostered a "brain drain," as highly qualified students denied admissions to the public flagships leave the state.

Dr. Tienda said claims that HB 588 displaces second decile students from feeder high schools and fosters a brain drain to non-Texas institutions are statistically unsubstantiated. In fact, second decile students from feeder schools are 4.5 times as likely as second decile graduates from typical Texas high schools to enroll in one of the flagships. Moreover, the data of ranked preferences reveal that the students who enroll out of state do so by choice--not because they were denied admission to a Texas institution and enrolled in their second or third choice.

For the entire state of Texas, college bound seniors whose first institutional choice was UT-Austin or TAMU had a relatively high probability of enrollment at these universities. Sixty-five percent of all 2002 Texas high school graduates did so. Of those whose first college choice was an out-of-state college, only 58 percent successfully enrolled the following year.

Top 10 percent graduates who indicated that UT-Austin or TAMU were their top choices were more successful at realizing their goal. For the state as a whole, 88 percent of top decile graduates who reported that their first preference was one of the flagships (UT-Austin and TAMU) enrolled at their school of choice the following year. In addition, 100 percent of top 10 percent students from "feeder" schools whose first preference was UT-

⁸ Report #6 data is included in Report #7 data: <http://www.utexas.edu/student/admissions/research/HB588-Report7-part2.pdf>.

⁹ Texas Top 10% Project website: <http://www.texastop10.princeton.edu/>

Austin or TAMU enrolled.¹⁰

By contrast, only 62 percent of top decile graduates whose top college choice was a non-Texas institution enrolled out of state. The percentage was 75 percent for top 10 percent students from feeder schools. For many high ranked students who desire to enroll out of state, but were unsuccessful at gaining admission, the public flagships serve as their back-up institution because of the admission guarantee. Over 90 percent of second decile graduates from feeder high schools who applied to UT-Austin or TAMU succeeded in enrolling at one of the flagships.

Others argue that the law discourages academic excellence, because students avoid honors and advanced placement (AP) courses to maintain a higher grade point average. Most high schools award extra grade points for these more difficult courses, and students cannot achieve top ten percent ranking without taking the maximum available honors and AP courses. However, to address this concern, the state could consider requiring TEA to develop a model for grade point average calculation that weighs AP and honors courses to ensure that academic excellence is encouraged.

Another criticism of the law is that it could potentially admit too large a percentage of a freshman class based solely on class rank, limiting the ability of universities to consider other factors. An amendment to a bill was intended to address this concern when it was raised during the 78th Regular Legislative Session. Senator Jeff Wentworth filed SB 86, relating to the eligibility of a high school graduate for automatic admission to an institution of higher education. The purpose of the bill, as filed, was to require a student to have taken, at a minimum, the recommended high school curriculum to qualify for automatic admission under the Top 10 Percent Law. After passing the Senate, the bill was amended in the House of Representatives to provide that no institution would be required to fill more than 60 percent of its spaces available for first-time resident undergraduate students under the Top 10 Percent Law. The amendment would have only impacted UT-Austin immediately, because UT-Austin is the only institution in the state that admits such a large percentage of students under the law.

The amended bill was filibustered in the Senate in the closing hours of the legislative session and failed to pass. At that time, this major change in policy had not been thoroughly studied by the Legislature or debated in committee. Further, the amendment offered no solution to the question of which top 10 percent students would not be admitted. Nor did it answer how the benefits of guaranteed admission would be preserved, especially as relates to recruiting in schools with low college-going rates.

¹⁰ Feeder high schools are a subset of the affluent schools with very strong college-going traditions, including large number of students who historically attended the two public flagships. For the purposes of the Texas Top 10 Percent Project, feeder high schools were defined as the top 20 high schools based on the absolute number of students *admitted* to UT-Austin and A&M in 2002. At A&M, the top 20 feeder high schools accounted for 12 percent of students admitted in 2000, and 22.3 percent of enrolled freshmen. For UT, the corresponding figures are 23 and 35 percent, respectively. The combined list of UT and A&M feeder schools represent only 28 different high schools (out of over 1500 public high schools) because of considerable overlap among two sets. The schools in Dr. Tienda's sample cannot be named for confidentiality reasons.

It was also unclear what percentage of students would be enrolled at UT-Austin under the law, because the session ended in June and final enrollment figures would not be available until September. In 2003 UT-Austin reduced the size of its entering freshman class by 1,391 students, which did increase the percentage of first-time residents admitted automatically under the Top 10 Percent Law to 70.5 percent, up from 54.4 percent in 2002. This was 65.4 percent of the total entering freshman class, up from 49.4 percent in 2002.

Contrary to predictions, however, this percentage decreased in 2004 to 61.9 percent. Similarly, at TAMU, the percentage of students enrolled under the Top 10 Percent Law fell to 46.3 percent in 2004, down from 49.4 percent.

At the end of the 78th Regular Session, it was also unknown how the U.S. Supreme Court would rule on the *Grutter* case. If the Court had not approved limited affirmative action and the amended version of SB 86 had passed, Texas would have lost its strongest mechanism for increasing diversity at UT-Austin without the option of using constitutional race-conscious admissions. This would have inevitably resulted in decreased diversity at UT-Austin.

When the Court did rule that limited race-conscious admissions were constitutional, The UT-System Board of Regents immediately decided to approve the use of race and ethnicity in admissions decisions. TAMU, on the other hand, chose not to do so. In January, Lieutenant Governor Dewhurst issued interim charges to the Senate Subcommittee on Higher Education, including a review of the *Grutter* and *Gratz* decisions and an evaluation of the impact of the Top 10 Percent Law. Now that the *Grutter* decision is in place, and UT-Austin and TAMU have both responded to the decision, and with an additional year of enrollment data to review, the Subcommittee has had sufficient opportunity to evaluate the impact of the Top 10 Percent Law.

Policy Alternatives

At the April 29 hearing, UT-Austin President Larry Faulkner argued that UT-Austin is moving inexorably toward the day where 100 percent of students will be admitted exclusively based on class rank. He stated that for the 2003 class, 75 percent were admitted (not enrolled) under the law, and argued that this is too large a fraction to be admitted based on one criterion. President Faulkner also said that the law, by itself, was insufficient to help UT-Austin attain a critical mass of minority representation.

Dr. Faulkner acknowledged that the guarantee in the law assisted UT-Austin in recruiting students from high schools with historically low college-going rates and in achieving modest diversity levels after *Hopwood*. He said there is value in maintaining the guarantee, because it raised the sights of students from low-performing schools, so long as the fraction of guaranteed admissions is not so large that it prevents meaningful discretion.

He stated that any change in policy to offer institutions more discretionary admissions should be crafted to preserve these benefits as much as possible. He stated that the recent

court decisions had granted institutions the right to use narrowly tailored affirmative action and that UT-Austin intends to do so. He said there was no reason to stop the tested Top 10 Percent Law while testing new approaches.

He outlined six policy options concerning the Top 10 Percent Law:

- Maintain the Top 10 Percent Law with a cap on the percentage that an institution must admit under the law.
- Change to a lower percentage guarantee, effectively creating a Top 5 Percent Law.
- Lower the percentage and cap the percentage of students that an institution must admit under the law.
- Repeal the Top 10 Percent Law, but mandate each university provide some sort of guaranteed admission based on class rank.
- Repeal.
- No change.

TAMU President Robert Gates concurred with President Faulkner that at a certain point, both institutions would be admitting such a large percentage of their entering freshman class automatically that the institutions would have no meaningful discretion. He also agreed with President Faulkner that the guarantee in the law assisted flagship institutions by raising the aspirations of students from high schools with historically low college-going rates, noting that TAMU has its own automatic admissions policies. He too argued that the number of students whose applications could be reviewed holistically is limited by the Top 10 Percent Law. He suggested that a cap was needed, but said that he was flexible about the details of a cap's implementation.

He made the following three suggestions:

- TEA should put rules into effect to govern class ranking, because there is too much variation from high school to high school to preserve fairness with respect to an issue that is given such importance.
- Institutions should have access to information about top 10 percent students, because the information would be helpful in recruiting.
- Guaranteed admission should only equal a guarantee choice of major for students meeting a stricter application deadline.

These suggestions were echoed in Dr. Ashley's remarks on June 24. He said that universities cannot target recruitment to the top 10 percent students because no one knows which students are included in the top 10 percent. During the 78th Legislature, Ashley said, universities pushed unsuccessfully to require school districts to report the top 10 percent students to TEA.

James Huffines, Chair, UT System Board of Regents, testified at the June 24 hearing. He said that the recent court decisions allow all UT-System campuses to review admissions

policies, tuition, and financial aid but any changes need to be announced one year before implementation. The previous board chair appointed a Taskforce on Admissions, Tuition, and Financial aid, giving the Taskforce two assignments:

- Develop strategies to coordinate admissions, tuition, financial aid, and scholarship policies in an effort to enhance recruitment.
- Structure long-term practices that the board can use to develop admissions, enrollment, retention, and graduation policies.

Chair Huffines then asked UT-System Regent Scott Caven, Chair of the Taskforce, to discuss the Taskforce's progress. Regent Caven summarized the Taskforce's organization, membership, and division of labor. He discussed the goal to develop strategies, policies, and processes to enhance acceptance, attendance, success, and graduation. He was very clear that the Taskforce's work has just begun and that no recommendations have been developed. Regent Caven briefly discussed the Michigan decisions and their impact on admissions in Texas. Regent Caven said that he has reviewed research that suggests that the Top 10 Percent Law is not by itself sufficient to diversify the student body at UT-Austin. He also stated that a 20 year study conducted by the United States Department of Education concluded that admissions based only on class rank are not good indicators of college success, as defined by receiving a bachelor's degree.

Erle Nye, Vice Chair, TAMU Board of Regents, testified that he was committed to excellence, efficiency, and access. His plans for acting on his commitment to access were harmed by the *Hopwood* decision. He said that under *Hopwood*, universities had welcomed the top 10 percent law but that it has not improved minority access and has limited the number of students admitted based on full-file review. Most diversity has come from holistic review, not the Top 10 Percent Law. Nye said that he believes the law disproportionately helps Anglo students gain admission at TAMU.

Nye conceded that the law has benefits, such as giving hope to students who did not have aspirations to attend TAMU and focusing students on doing well in high school. He suggested that these facts, taken together, make limiting the law good policy. Nye suggested that the top 10 percent admissions should be limited at each university and that TEA should track the top 10 percent students.

Nye discussed TAMU's decision not to include race as a factor in admissions. He discussed President Gates' decision to redirect significant funds for scholarships for students with socioeconomic challenges and to create outreach centers in underserved areas of the state. He also discussed efforts by alumni to contact students who have been accepted and encourage them to enroll. In response to a question from Senator West on how to ensure that such recruiting efforts continue, Nye said that the Legislature should use the budget process to reward and punish universities for adherence to legislative directives.

Luis Figueroa, Mexican American Legal Defense and Educational Fund (MALDEF), said that his organization urges the legislature to maintain the Top 10 Percent Law and to

combine it with constitutional affirmative action policies. Norma Cantu, Vice-Chair, MALDEF, said that the report, *Blend It, Don't End It*,¹¹ was produced by several national organizations who define ways in which universities can increase minority enrollment through affirmative action and avoid lawsuits.

Beth Henary Watson, Young Conservatives of Texas (YCT), said that YCT recommends that Texas maintain true flagships by allowing UT-Austin and TAMU to control their own admission requirements. She said that the Top 10 Percent Law should guarantee admission to any state university except UT-Austin and TAMU. Watson proposed a California-type process where students may rank their campus preferences.

This was consistent with Dr. Tienda's recommendation to cap guaranteed admissions at 50 percent for any public institution, using full-file review for the remaining students; determining the percentage of automatic admissions based on the universities' capacities; and rescinding top 10 percent students' guaranteed access to UT-Austin and TAMU. Dr. Tienda's recommendation differs from YCT's, however, in that she supports including race in the full-file review process.

Robert Notzen, Texas State Conference of Branches of the National Association for the Advancement of Colored People, testified that the NAACP supports maintaining the Top 10 Percent Law. He acknowledges that it was not a perfect plan for improving diversity in higher education, because it was not intended to be. It was intended as a race-neutral alternative to affirmative action in response to *Hopwood*.

Ana Yanez-Correa, Interim Executive Director, Texas League of United Latin American Citizens (LULAC), said that there is no guarantee that affirmative action will continue at UT-Austin. LULAC is opposed to capping, limiting, or eliminating the Top 10 Percent Law.

¹¹ *Blend it, Don't End It: Affirmative Action and the Texas Ten Percent Plan After Grutter and Gratz*: <http://www.maldef.org/pdf/PostGrutterReport.pdf>

Recommendations

1. The Legislature should direct the Texas Education Agency (TEA) to develop standard models for the calculation of high school grade point averages. To encourage academic excellence and college-readiness, the model should include weights for advanced placement, honors, and dual credit courses.
2. The Legislature should direct TEA to develop a single format for electronic high school transcripts. The format should include a standard method of reporting a high school's available advanced placement and honors classes, so that admissions officers can easily determine whether a student has taken full advantage of available resources as relates to academic excellence.
3. The Legislature should continue to support the College for Texans Campaign.
4. The Legislature should direct TEA to ensure that the annual Directors of Guidance/Student Services Meeting and the TEA Professional Growth Conferences for School Counselors provide sufficient training related to college admissions to all public high school counselors and to ensure that all counselors are aware of the College for Texans online "Preparing for College" training resources.
5. The Legislature should provide funding to reduce counselor-to-student ratios in public high schools.
6. The Legislature should direct TEA to determine the feasibility of providing high school seniors with an elective class period to work with guidance counselors to prepare college applications, essays, and financial aid applications, to research colleges and majors, and to search for scholarships and other financial aid options.
7. The Legislature should direct the Texas Higher Education Coordinating Board to continue to expand the common admissions application initiative started in 1997 to include a form for community colleges.
8. The Legislature should not eliminate the Top 10 Percent Law, but should require that a student must have completed the recommended high school curriculum to be admitted under the Top 10 Percent Law, effective beginning with the 2008-2009 academic year. The recommended curriculum requirement should not apply if a student did not fulfill the recommended curriculum for circumstances beyond the student's control.
9. The Legislature should enact a cap on the percentage of applicants that an institution must admit under the Top 10 Percent Law. Students graduating in the top 10 percent of under-represented high schools should be prioritized under the cap, and automatic admission under the Top 10 Percent Law should be contingent upon a student's having completed the recommended high school curriculum, effective beginning with the 2008-2009 academic year. The recommended curriculum requirement should not apply if the student did not fulfill the recommended curriculum for circumstances

beyond a student's control. To be eligible to cap automatic admissions, an institution should be required to include constitutional use of race and ethnicity among other factors in discretionary admissions decisions.

Charge #2

Study and make recommendations on the proper role, scope, and mission of community colleges. Develop innovative approaches to incorporating the community college system into the delivery of K through 16 education. Study the feasibility of allowing community college districts to expand their service areas for taxing purposes.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge #2 and #3 on May 6, 2004. The May 6 hearing focused on community colleges and developmental education, and included invited testimony from:

- Don Brown, PhD, Commissioner, Texas Higher Education Coordinating Board
- Shirley J. Neeley, PhD, Commissioner, Texas Education Agency
- Rey Garcia, PhD, Executive Director, Texas Association of Community Colleges
- Jesus "Jess" Carreon, PhD, Chancellor, Dallas County Community College District
- Jon Whitmore, PhD, President, Texas Tech University
- Donetta Goodall, PhD, Member, Texas Association of Black Personnel in Higher Education
- Elias Villarreal, PhD, President, Texas Association of Chicanos in Higher Education
- Bill Hammond, President, Texas Association of Business

Role, Scope, and Mission of Community Colleges

Don Brown, Commissioner of the Texas Higher Education Coordinating Board (THECB), was invited to give an overview of community colleges and developmental education in Texas. In his testimony, Commissioner Brown shared the mission of community colleges as it appears in the Texas Education Code. Texas Education Code 130.003 (e) states that the primary mission of community colleges is "to serve their local taxing districts and service areas in Texas in offering vocational, technical, and academic courses for certification or associates degrees." Commissioner Brown covered the various roles of community colleges, and he emphasized the wide segment of the population that community colleges reach through their open enrollment policies. In addition to vocational, technical, and academic programs, community colleges have a number of other responsibilities within their mission, including providing adult education, compensatory education, workforce development, and basic skills programs. The mission also calls for community colleges to achieve excellence in instruction, public service, and research. The primary goals and duties of a community college require the focus of the institution to be on instruction and public service, but faculty research remains an important part of the community college mission.

Brown highlighted the increasingly important role of community colleges in the landscape of higher education in Texas. Community college enrollments have grown to make up more than fifty percent of the total higher education enrollment in the state. In 2002, there were nearly 500,000 students attending Texas community colleges. In fall 2004, the THECB reported that the state's public two-year institutions had 554,586 students enrolled. Brown said that enrollment at community colleges is likely to continue growing.

Table 12 on the following page illustrates the burgeoning enrollment at Texas two-year institutions in Texas.

Table 12
Fall Enrollment: 1998 to 2002 (Texas Public Two-Year Colleges)

College District	Fall-2002	Fall-2001	Fall-2000	Fall-1999	Fall-1998	change since 1998
Alamo	44,964	42,044	39,202	37,513	35,434	26.9%
Alvin	4,161	3,667	3,531	3,680	3,435	21.1%
Amarillo	9,144	8,499	8,181	8,142	7,505	21.8%
Angelina	4,963	4,659	4,376	4,138	3,870	28.2%
Austin	29,156	27,577	25,853	25,914	25,609	13.9%
Blinn	13,806	12,686	12,025	11,297	10,481	31.7%
Brazosport	4,097	4,022	3,855	3,683	3,503	17.0%
Central Texas	7,935	7,231	6,650	7,356	6,052	31.1%
Cisco	2,963	2,716	2,639	2,636	2,606	13.7%
Clarendon	968	880	1,001	837	750	29.1%
Coastal Bend	3,480	3,095	3,026	2,876	2,730	27.5%
College of the Mainland	3,588	3,346	3,159	3,200	3,291	9.0%
Collin	15,766	14,179	12,704	11,867	11,241	40.3%
Dallas	56,201	50,191	46,166	45,150	44,548	26.2%
Del Mar	11,159	10,246	9,683	9,688	9,763	14.3%
El Paso	19,644	18,356	17,747	18,655	18,672	5.2%
Frank Phillips	1,335	1,242	1,153	1,222	1,131	18.0%
Galveston	2,293	2,207	2,245	2,217	2,159	6.2%
Grayson	3,498	3,470	3,260	3,320	3,162	10.6%
Hill	2,923	2,694	2,506	2,447	2,414	21.1%
Houston	34,928	34,714	33,509	32,134	32,795	6.5%
Howard	2,844	2,660	2,472	2,000	1,998	42.3%
Kilgore	4,578	4,026	3,872	3,942	4,068	12.5%
Laredo	7,748	7,469	7,284	7,443	7,384	4.9%
Lee	6,329	6,226	6,170	5,887	5,906	7.2%
McLennan	6,532	6,110	5,721	5,584	5,608	16.5%
Midland	5,041	5,060	4,841	4,726	4,576	10.2%
Navarro	4,967	4,411	3,989	3,539	3,375	47.2%
North Central Texas	6,158	5,182	4,794	4,282	4,041	52.4%
North Harris Montgomery	33,971	29,386	24,904	23,125	22,029	54.2%
Northeast Texas	2,423	2,203	1,990	1,956	2,045	18.5%
Odessa	4,935	4,545	4,568	4,778	4,585	7.6%
Panola	1,693	1,492	1,422	1,520	1,504	12.6%
Paris	3,639	3,278	2,936	2,894	3,068	18.6%
Ranger	893	840	847	827	827	8.0%
San Jacinto	23,544	22,747	21,991	20,603	19,374	21.5%
South Plains	8,994	8,512	7,432	7,116	6,568	36.9%
South Texas	13,691	12,443	11,183	10,364	9,453	44.8%
Southwest Texas	4,326	3,723	3,716	3,427	3,526	22.7%
Tarrant	32,461	29,817	27,869	27,102	26,463	22.7%
Temple	3,664	3,579	3,381	3,254	3,139	16.7%
Texarkana	3,538	3,526	3,394	3,446	3,629	-2.5%
Texas Southmost	7,808	7,210	7,245	7,611	6,710	16.4%
Trinity Valley	5,212	4,604	4,588	4,102	4,182	24.6%
Tyler	8,977	8,451	8,240	8,339	7,861	14.2%
Vernon	2,523	2,269	2,095	2,095	1,929	30.8%
Victoria	4,028	4,006	4,021	3,800	3,732	7.9%
Weatherford	3,569	3,136	2,751	2,686	2,553	39.8%
Western Texas	1,579	1,323	1,176	1,197	1,118	41.2%
Wharton	5,771	5,281	4,571	4,457	4,208	37.1%
CC TOTAL	498,408	461,236	431,934	420,074	406,610	22.6%
<i>Lamar State Colleges</i>	6,804	6,965	6,796	6,445	6,074	12.0%
<i>TSTC System</i>	10,559	10,112	9,268	8,804	8,724	21.0%
2 YR TOTAL	515,771	478,313	447,998	435,323	421,408	22.4%

Source: Texas Higher Education Coordinating Board

There are a variety of reasons for the rise in community college enrollment in Texas,¹² including:

- growth in the Texas population;
- lower costs associated with community colleges;
- open admission policies at community colleges;
- increased business demand for skilled workers; and
- the range of traditional and non-traditional courses offered at community colleges.

The rise in enrollment may also be due to the efforts of community colleges to reach the participation goals of *Closing the Gaps*,¹³ which are to increase higher education enrollment by 500,000 students by 2015. Commissioner Brown testified that between 60 and 70 percent of these students will enroll in community colleges. He also suggested that community colleges will absorb a greater percentage of first-generation students than four-year institutions because of open enrollment policies and low cost.

Community colleges also play a critical role in achieving the other goals of *Closing the Gaps*. In addition to increasing participation, community colleges are helping to achieve the success goal by increasing the number of students who transfer to four-year institutions and graduate with a bachelor's degree. As the quality of instruction at two-year institutions improves, community colleges also move the state closer to its excellence goals.

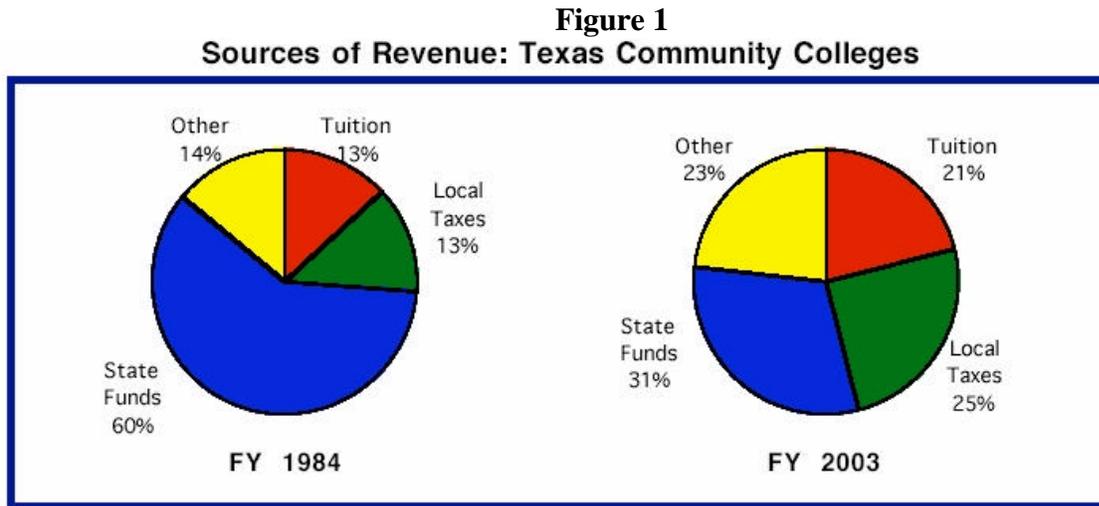
Commissioner Brown emphasized the need for adequate funding for community colleges, given the broad mission of these institutions and the growth of the population served. Brown pointed out that state appropriations provided 31 percent of the budget for community colleges in FY 2003, and that the proportion of the cost being paid by state revenue has been steadily declining. As recently as FY 1994, state appropriations provided about 46 percent of community college educational budgets.¹⁴ As state revenue has decreased, community colleges have been forced to rely more heavily on income from local taxes, tuition, and fees. Brown said that the majority of community colleges currently do not have property-tax base necessary to support a community college.

¹² Texas Higher Education Coordinating Board (July, 2004), Strategic Plan for Texas Public Community Colleges.

¹³ *Closing the Gaps by 2015*, Texas Higher Education Coordinating Board, 2000, <http://www.theccb.state.tx.us/reports/pdf/0379.pdf>.

¹⁴ Because of recent financial reporting changes, comparisons of current information with fiscal years before FY 2002 are approximations.

Figure 1 below demonstrates the decline in the state's share of the budget for community colleges, comparing 1984 (60 percent) to 2003 (31 percent).



Dr. Rey Garcia, Executive Director, Texas Association of Community Colleges (TACC), testified that the state is still paying the same rate per contact hour, \$6.43, that it did in 1994. Dr. Garcia said that since 1994, property tax revenue has risen 172 percent, and tuition has increased 110 percent. Garcia said that the system is not sustainable at the current level of tuition and enrollment growth and that the Legislature, therefore, needs to provide more adequate funding.

The estimated cost of full formula funding based on 100 percent of the THECB's FY 2003 All Funds Expenditures Report for Community and Technical Colleges is \$3.12 billion.¹⁵ Commissioner Brown said that full formula funding would require a 95 percent (\$1.5 billion) increase in state funds to meet the demand. If the state funds community and technical colleges using the 2002-2003 biennium as the base, adjusting for known growth between the 2002-2003 and 2004-2005 biennia, and adjusting for projected inflation, the formula funding would be 62 percent of the full funding formula, costing the state an additional \$340 million.¹⁶

Incorporating Community Colleges into K-16

Glenda Barron, PhD, Deputy Commissioner of Community Colleges, THECB, assisted Commissioner Brown as a resource witness. Her testimony focused on some of the innovative programs currently in place that incorporate community colleges into the spectrum of K-16. Barron said that dual credit programs involve more than 27,000 high school students and allow the students to begin taking community college courses for college credit while still in high school. Dual credit programs have proven to be an effective way of encouraging students to continue in higher education.

¹⁵ The state currently appropriates \$1,598,276,137 in general revenue to the community and technical colleges. The additional \$1,517,032,388 generated through a fully-funded formula would bring the total appropriation for community and technical colleges to \$3.12 billion for the biennium.

¹⁶ The 2002-2003 general revenue amounts for community and technical colleges is \$1,964,455,006 which is \$66,235,678 more than the 2004-2005 biennium base. Funds reflecting known growth between the two biennia would add \$220,562,107, and inflation would add \$59,342,195, for a total appropriation of \$1,939,377,183.

Another program that Barron discussed is Tech Prep. Supported by the federal Carl Perkins Act, Tech Prep allows students to work toward their high school diploma and a two-year technical degree concurrently and complete both within six years. As part of Tech Prep, high schools and community colleges develop articulation agreements to give students the opportunity to earn community college credits while still in high school.

The Early High School College Initiative is another program that allows high school students to obtain college credit before graduation. The *Initiative* is funded by the Bill & Melinda Gates Foundation with help from several foundations. Working with individual states, the Early College High School Initiative works to set up small high schools where students earn their high school diploma and two years of college credit.¹⁷ The Early College High Schools can be stand-alone schools or housed within already existing schools. Early College High Schools already have been set up in Houston and San Antonio.

Dr. Donetta Goodall, Texas Association of Black Personnel in Higher Education, praised programs such as dual credit and early college that unite the resources of high schools and community colleges for a common goal. Dr. Goodall also noted other partnering strategies for community colleges and high schools to encourage student success. These include:

- Offering college preparatory courses taught by community college developmental education faculty to high school students who have not met the college-readiness standard;
- Aligning high school exit level competencies with community college entry-level competencies.
- Establishing formal mentoring programs between colleges and high schools.
- Sharing high school and community college faculty in mathematics, English, and English as a second language.
- Informing students of testing results in high school, allowing them to take steps toward college-readiness before graduation.

In addition to programs linking high schools and community colleges, there are also a number of successful programs that connect community colleges with four-year institutions. Dr. Glenda Barron described two initiatives that allow students to transfer credits easily between two-year and four-year higher education institutions. In 1997, with SB 148, the Legislature developed a statewide core curriculum by mandating that each public college or university in the state develop a core curriculum of no fewer than 42, fully transferable, semester credit hours. The core curriculum includes coursework in liberal arts, humanities, sciences, and history, which all university students must complete before graduating. The bill also required institutions of higher education to establish guaranteed transferability for lower division courses within a given field of study. Additionally, Dr. Barron described a new program called Associate of Arts in teaching, which allows students to complete the first two years of teacher training at a community college.

Furthermore, Dr. Barron discussed articulation agreements between community colleges and four-year institutions as an effective method of easing a student's transition from community

¹⁷ Early College High School Initiative: <http://www.earlycolleges.org/>.

college into four-year institutions. Dr. Jon Whitmore, President, Texas Tech University (TTU), described the unique and successful agreements that his university has developed with community colleges. One of the agreements is a program called the *Gateway Program*, which allows students not initially accepted to TTU to attend South Plains College (SPC) and to enter TTU after successfully completing a specified number of hours at SPC. Students in the *Gateway Program* can interact with TTU faculty and staff and attend TTU events. These students can transfer to TTU after meeting specified standards. Dr. Whitmore testified that 687 students entered TTU last year through the *Gateway Program*, a 150 percent increase over the previous year. TTU also has a more expansive *Pathway Program*, which involves more than 25 individual agreements with community colleges throughout the state. *Pathway* agreements differ from school to school. Some agreements include furnishing transcripts to community colleges for retroactive associate degrees. Some include TTU recruitment efforts on community college campuses. Thus far, Whitmore said that 1,400 students have been admitted to TTU under the program and that the program is growing by 12 to 29 percent each year.

There is evidence that partnerships between high schools, community colleges, and four-year higher education institutions increase the level of education achieved by students. Rey Garcia testified that over 90 percent of students with an associate's degree complete the bachelor's degree and graduate on time with higher grades than native students at four-year institutions. Several studies show similar findings. In a study of transfer students, Anglin, Davis, and Mooradian (1995)¹⁸ found that students who transfer from community colleges graduate at the same or better rate than native students. In 1993, Best and Gehring¹⁹ found that students who attended a community college for two years before transferring to a university were more likely to obtain their degree than those students who attended a community college for a year or less. More recently, a 2001 THECB report concluded that there is no significant difference in the quality of student performance at the receiving institutions among college and university students who transfer to universities after completing at least 30 semester credit hours at their prior institutions.²⁰

Feasibility of Allowing Community College Districts to Expand their Service Areas for Taxing Purposes

Dr. Rey Garcia, TACC, shared evidence about community college taxing districts and the need to expand the taxing districts to include all of the service area. He testified that community college service districts currently contain 95 percent of the population. In contrast, only sixty five percent of the state's property is presently in taxing districts. He also noted the inequity of the taxing system, referring to the fact that the lowest wealth districts are often forced to have much higher tax rates.

Currently, Texas Education Code, Subchapter J, assigns each community college taxing district with a service area for which they provide educational services. The service area includes

¹⁸ Anglin, L.W., Davis, J.W., & Mooradian, P.W. (1995). Do transfer students graduate?: A comparative study of transfer students and native university students. *Community College Journal of Research and Practice*, 19,321-330.

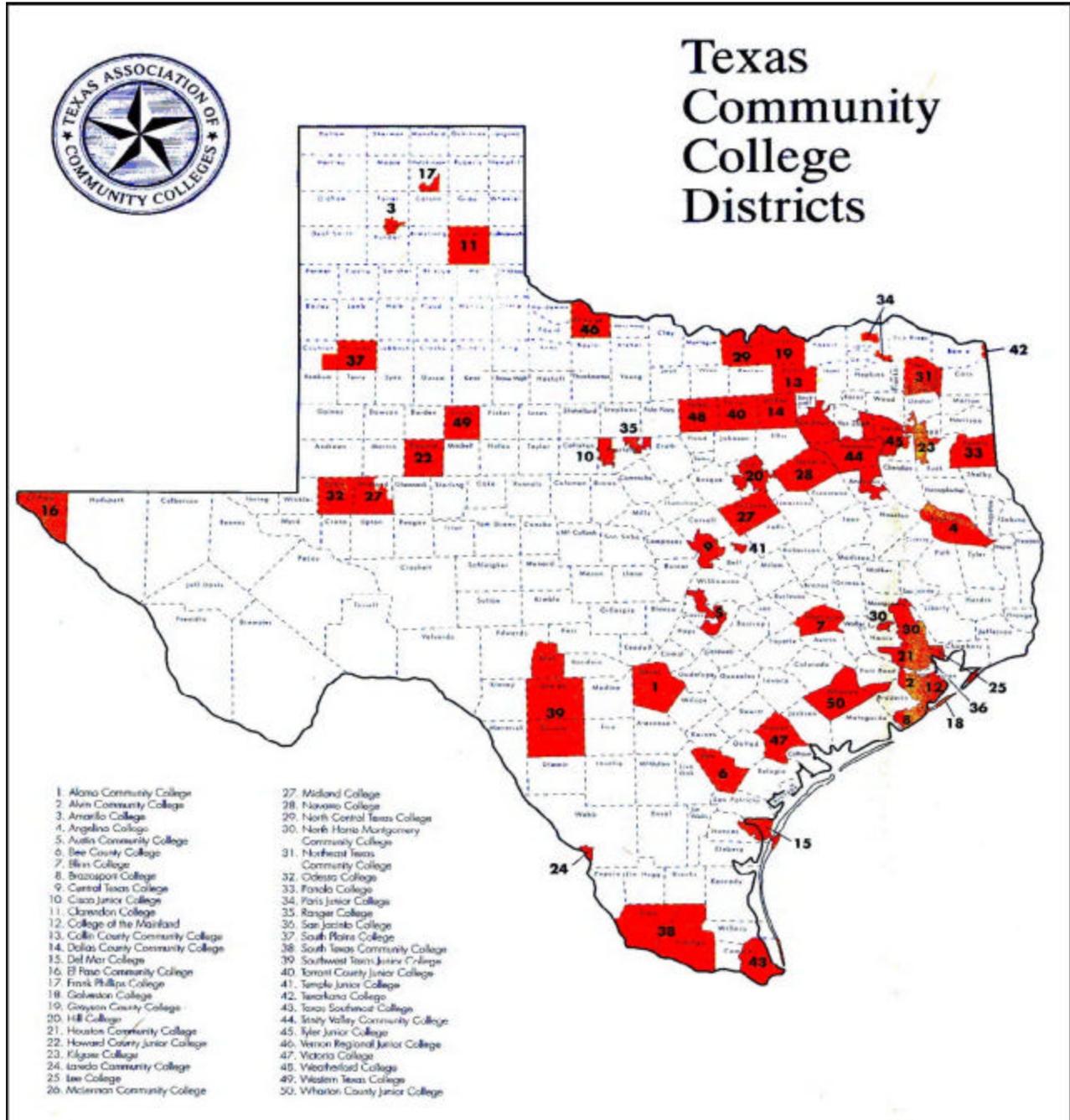
¹⁹ Best, G.A. & Gehring, D.D. (1993). The academic performance of community college transfer students at a major state university in Kentucky. *Community College Review*, 21, 32-41.

²⁰ Texas Higher Education Coordinating Board (2001). Transfer Issues Advisory Committee Report: Identifying and Closing the Gaps.

territory within the boundaries of the taxing district as well as territory outside the boundaries.

Figure 2 below shows the current taxing districts and service areas in the state of Texas.

Figure 2



During the 78th Legislative Session two bills, SB 315 and SB 1292, proposed allowing community colleges to expand their service areas for taxing purposes. SB 315 focused on Del Mar Community College, allowing the college to annex the other counties in its service area if registered voters in the whole area approved the annexation in a general election. The bill was passed in the House and the Senate but vetoed by the Governor. SB 1292 covered all parts of the state and would have provided that a community college taxing district could hold an election to extend the district's boundaries to include territory outside of the taxing district but inside the service area. This bill was left pending in committee.

Rey Garcia testified that other states, such as Illinois and Florida, have successfully implemented policies to ensure that all areas of the state are included in a community college taxing district. In the 1970s, the Illinois State Legislature adopted a statute requiring all parts of the state to be in a community college taxing district. Areas not included in a taxing district were given the choice of creating a new community college district or joining an existing one. Garcia said that, with a few exceptions, most areas of the state chose to join an existing community college district. Garcia also described the implementation of the Illinois plan and noted that the state initially paid costs of instruction and administration, but the Legislature prohibited using state revenue to pay for facilities and other costs.

Commissioner Brown argued that all property in the state should be located within taxing districts. In the current Texas system, students from outside of a community college district generally pay higher out-of-district tuition and fees, which are estimated to be on average 29 percent higher than those students which are in-district. While the higher out-of-district fees provide some additional revenue for community colleges, a THECB study determined that 46 of Texas' 50 public community college districts would receive more money from additional tax revenue produced by annexing service areas than they currently receive from out-of-district tuition and fee revenues.²¹ Of the four remaining districts, only one district in the state would lose revenue with the change; the three other districts would keep the same revenue because their taxing districts currently correspond to their service areas. The one district that would lose revenue under an annexation plan, Texarkana College, has a very large number of out-of district students (86.8 percent).

Dr. Jesus "Jess" Carreon, Chancellor, Dallas County Community College District, testified that as tuition at universities increases, the rising enrollment in community colleges will create more pressure for higher tuition and tax rates. Dr. Carreon suggested that the annexation of some or all of a community college district's service area into the taxing district has the potential to allow the district to lower its taxing rate. Annexation also allows citizens within the service area to gain representation on the community college board and improves student access to community colleges by making more students eligible for in-district fees.

According to a study commissioned by the Texas Association of Community Colleges, Texas community college enrollment would be likely to increase between seven and 11 percent if all non-taxed areas were placed in a taxing district.²² The study suggests that placing out-of-district

²¹ Texas Higher Education Coordinating Board (January 2003), *Annexation: Analysis of Costs and Benefits for Texas Public Community College Districts*.

²² Robinson, M. Henry & Christophersen, Kjell A. (September 2002), *The Socioeconomic Benefits Generated by 50*

areas into taxing districts would aid the *Closing the Gaps* initiative by increasing the number of students attending college.

Bill Hammond, representing the Texas Association of Business (TAB), had a mixed reaction to the idea of annexation of areas into taxing districts. Hammond praised community colleges overall for their responsiveness to employer needs, but he stressed the need for ballot approval before any annexation takes place. Hammond emphasized that new areas should have a choice on whether or not to join a taxing district. He stated that any vote for annexation should be voted on by only those areas to be annexed and the residents of the current taxing district should not have a vote.

Recommendations

1. The Legislature should establish a formula funding model for community colleges that uses the 2002-2003 biennium as the base, adjusts for known growth between the 2002-2003 and 2004-2005 biennial periods, and adjusts for projected inflation. The projected biennial cost of this model is \$340 million.
2. The Legislature should consider policies to expand and fund dual credit programs to make them more accessible and attractive to colleges and students, thereby reducing time to degree. Such policies could include encouraging school districts to provide grade point weights for dual credit courses, similar to those provided for Advanced Placement courses, making dual credit courses more attractive to students competing for top 10 percent ranking in their graduating class.
3. The Legislature should support the Early College High School Initiative to make higher education more accessible, affordable, and attractive to high school students.
4. The Legislature should provide financial incentives for students at community colleges to complete either the associates degree or the core curriculum before transferring to a four-year institution.
5. The Legislature should include transfer students as a part of four-year university performance measures to increase articulation agreements between two-year and four-year higher education institutions.
6. The Legislature should place all property in the state into defined community college taxing districts, consistent with the Illinois model.²³ Those colleges receiving additional taxing jurisdiction under the new model should have an added "service expectation." The Legislature should charge the Texas Higher Education Coordinating Board (THECB) with adopting rules to resolve potential conflicts between existing districts and annexed taxing districts.
7. The Legislature should direct the THECB to provide a biennial analysis of major sources of revenue and expenditures for each community college district, beginning with the 2004-2005 biennium. The THECB should develop a reporting format that takes into consideration the unique circumstances of community colleges.
8. The Legislature should study the feasibility of funding facilities for community colleges.

²³ In the 1970s the Illinois state legislature adopted a statute that required all property in the state to be included in a community college taxing district. Areas outside of existing districts at the time had the option to join an existing district or create a new district (provided that certain criteria for the size of the district were met). Today, all taxable property is included in an Illinois community college district.

Charge #3

Study developmental education programs in public higher education institutions. Identify alternative means of assessing the need for developmental education, the effectiveness of delivery of developmental education programs, and the appropriate role of developmental education.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge #2 and #3 on May 6, 2004. The hearing focused on community colleges and developmental education and included invited testimony from:

- Don Brown, PhD, Commissioner, Texas Higher Education Coordinating Board
- Shirley J. Neeley, PhD, Commissioner, Texas Education Agency
- Rey Garcia, PhD, Executive Director, Texas Association of Community Colleges
- Jesus "Jess" Carreon, PhD, Chancellor, Dallas County Community College District
- Jon Whitmore, PhD, President, Texas Tech University
- Donetta Goodall, PhD, Member, Texas Association of Black Personnel in Higher Education
- Elias Villarreal, PhD, President, Texas Association of Chicanos in Higher Education
- Steve Head, PhD, Vice Chancellor, North Harris Montgomery Community
- John Stevens, Executive Director, Texas Business and Education Coalition

Developmental Education

Developmental education was created to provide assistance to students entering state higher education institutions with insufficient skills to succeed in college level coursework in mathematics, reading and writing. First, individual students are assessed for their level of college-readiness in each of these three areas. Texas public colleges and universities then offer developmental courses and provide services including computer laboratory exercises, tutoring, and counseling to meet the needs of any student who falls below the readiness standard.

During the May 6 hearing, Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board (THECB) testified with Commissioner Don Brown. Flack described the emergence of developmental education during the mid 1980s as part of the reforms taking place in Texas education.

In 1985, the THECB released a critical report, *Generation of Failure*, which suggested that large numbers of students were entering Texas public colleges and universities without the ability to read, write, or complete mathematics problems at a college level. In 1987, the Legislature passed HB 2182, which created the Texas Academic Skills Program (TASP). The TASP was designed to measure the reading, writing, and mathematics skills of students entering higher education and provide remediation for those students who did not demonstrate college-readiness. Under TASP, students were required to be tested before entering college-level classes. Those students who failed to meet state college-readiness standards were required to complete developmental education courses. All students who were placed in developmental education courses were required to be retested after completing the necessary developmental education coursework. Students were only allowed to take junior or senior level classes after successfully mastering the college-readiness standards. The TASP remained in effect until 2003. The program was criticized for being too complex and failing to prepare students for college level work. The program was modified repeatedly, but problems persisted.

Alternate Means of Assessment

During the 78th Legislature, SB 826 replaced the TASP with The Texas Success Initiative (TSI). The TSI is similar to the TASP in that it assesses students' individual needs with a college-readiness examination in reading, writing, and mathematics. The TSI differs from the TASP, however, in the amount of flexibility given to higher education institutions to determine how to administer developmental education. Unlike the TASP, the TSI does not require developmental education classes and retesting to enter upper division classes for students not meeting the college-readiness standard. Under the TSI, the institution has the flexibility to determine what type of developmental education is most appropriate for the individual student. A student can take developmental classes, but there are other options including tutoring, computer-based instruction, and counseling. In addition, not all students requiring developmental education must be retested to enter upper division classes; only the students who initially tested below a minimum score must be retested.

The method of assessment did not change in the transition from TASP to the TSI; the same tests that were used for the TASP can still be used for the TSI. To avoid confusion, the TASP test was renamed the Texas Higher Education Assessment (THEA). In both the TASP and the TSI, students have been exempt from testing requirements if they reached a qualifying score on the

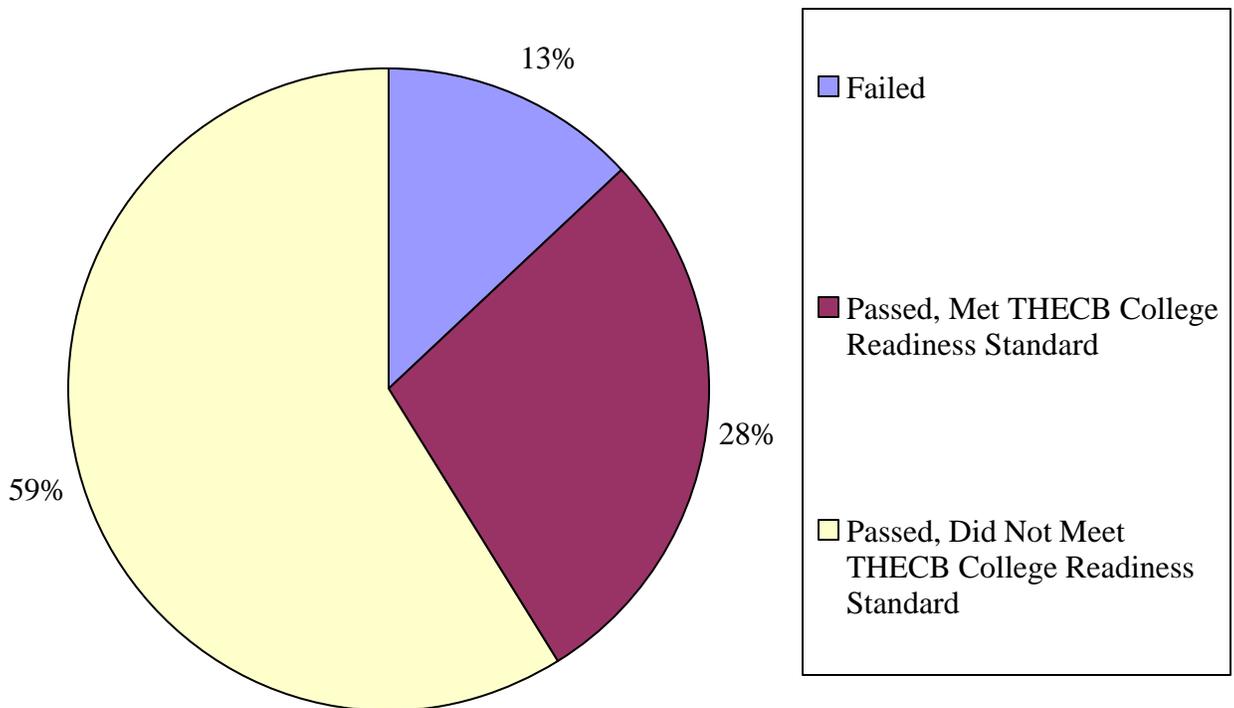
SAT and ACT. Under the TSI, students can also be exempted from TSI testing requirements by reaching a qualifying score on the 11th grade Texas Assessment of Knowledge and Skills (TAKS).

Teri Flack testified that the TAKS is an important tool for measuring college-readiness, because the TAKS has the advantage of allowing 12th grade students to use their senior year of high school to become ready for college. In April 2004, the THECB established standards (a minimum score) on the reading, writing, and mathematics sections of the 11th grade TAKS to measure college-readiness. This information provides opportunities to address deficiencies before students leave high school.

The results of the 11th grade TAKS test in Spring 2004 provide compelling evidence that a large number of students would benefit from recognizing college-readiness before their senior year. In this exam, 87 percent of students passed the English Language Arts section, while only 28 percent passed the test and met the THECB college-readiness standard. This suggests that 72 percent of students could benefit from using their senior year to work toward meeting the English Language Arts college-readiness standard.

Figure 3 below illustrates the percentage of students meeting the college-readiness standards on the English Language Arts TAKS test in the spring of 2004.

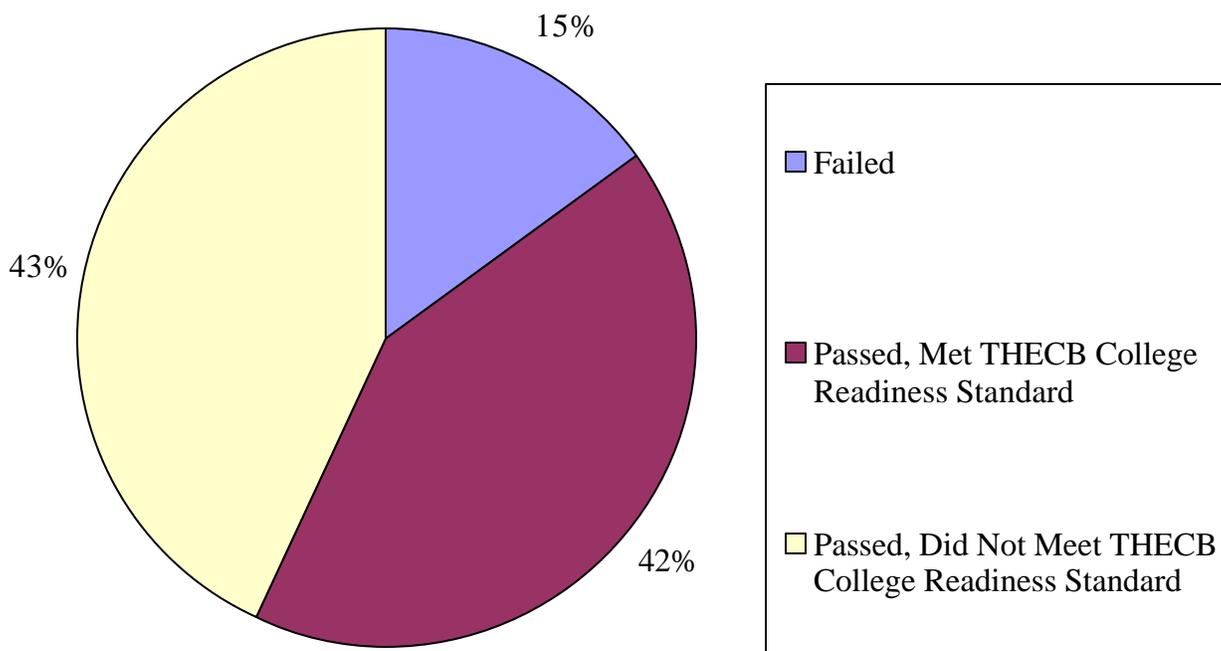
Figure 3
Spring 2004 11th Grade English Language Arts TAKS Test



Similarly, on the 11th grade Mathematics TAKS test, while 85 percent of students passed, while only 42 percent of students passed the test and met the THECB college-readiness standard.²⁴

Figure 4 below shows that more than half (58 percent) of students could benefit from using their senior year to meet the college-readiness standard in mathematics.

Figure 4
Results of Spring 2004 11th Grade Mathematics TAKS Test



Given that over half of Texas high school seniors are not prepared for college level mathematics, it is particularly striking that the Recommended High School Program (RHSP) requires no mathematics course for high school seniors.

Statewide, about one-third of new college and university students require mathematics developmental education. Approximately 40 percent of new students in two-year colleges and 20 percent of new students in universities require mathematics developmental education.²⁵ Teri Flack stated that a large percentage of students in developmental education classes are older students returning to take refresher courses, but a 2002 THECB study of students in

²⁴ Texas Education Association (2004), Texas Assessment of Knowledge and Skills 11th Grade Exit Level Test Results.

²⁵ Texas Higher Education Coordinating Board (October 2002), Mathematics Developmental Education in Texas Public Institutions of Higher Education: Performance Assessment.

developmental mathematics classes shows that the largest segment of students in mathematics developmental education are recent high school graduates.²⁶ The THECB study looked at 160,000 students at public colleges and universities and found that 74 percent of students in developmental math classes were 19 or younger; 83 percent are 21 or younger. These high percentages are partially due to the fact that the traditional age-24-and-under students continue to dominate enrollments, but the percentages of these students requiring mathematics developmental education are startlingly high. After age 24, the percentages requiring mathematics developmental education decrease with age, and people over 50 are less likely to require mathematics developmental education than any other age group.

Table 13 below shows the percentage of students in each age group that require mathematics developmental education.

Table 13
Age of Students Requiring Mathematics Developmental Education

Age Group	Number in Cohort	Number Requiring Math Dev Ed	Percent Requiring Math Dev Ed
Under 18	22,154	3,844	17%
18-19	100,419	35,350	35%
20-21	10,258	4,969	48%
22-24	7,215	3,203	44%
25-29	6,761	2,652	39%
30-34	4,022	1,282	32%
35-40	3,549	985	28%
41-50	3,324	694	21%
Over 50	1,151	130	11%
Unknown	50	17	34%

Source: THECB

Commissioner of Education, Dr. Shirley Neeley, praised the efforts of K-12 schools to move students toward college-readiness. Specifically, Dr. Neely commented about how the RHSP is improving college-readiness by requiring a more rigorous set of courses for graduation. Once only recommended as a course of study, the RHSP is now the standard course of study for high schools in the state and is expected to better prepare students for higher education, reducing the amount of developmental education needed by recent graduates. Teri Flack provided testimony, however, that of students who have graduated with the RHSP so far, 23 percent still needed developmental education in math.²⁷

The RHSP requires four years of English, which means that all students will take an English

²⁶ Texas Higher Education Coordinating Board (October 2002), Mathematics Developmental Education in Texas Public Institutions of Higher Education: Performance Assessment.

²⁷ Texas Higher Education Coordinating Board (October 2002), Mathematics Developmental Education in Texas Public Institutions of Higher Education: Performance Assessment.

class their senior year. The RHSP only includes three years of mathematics. Therefore, many students will not take a mathematics course during their senior year. For students who discovered that they did not meet the college-readiness standard for mathematics, there may be a benefit to taking a mathematics course during the senior year to assist students in reaching the readiness standard.

Effectiveness of Delivery of Developmental Education Programs

Steve Head, Executive Vice Chancellor of North Harris Montgomery Community College District (NHMCCD), described some effective developmental education initiatives that are being implemented at NHMCCD. These included the Student Success Initiative, which was created to aid the 35 percent of students enrolled in developmental education at the institution. Head said that NHMCCD currently requires a minimum of 12 credit hours per semester for full-time students and tests each student's college-readiness skills. He focused on a shift in his institution from the belief that students have the right to fail to the new philosophy that every student has the right to succeed. The college adopted policies to ensure student success.

Head also discussed a program called Learning First, designed to help high school students become college-ready. The program tests 10th graders for college-readiness, and provides tutors, mentors, structured labs with faculty supervision, online tutoring, and learning communities focused on reading and writing for students who are not college ready. Head said that approximately 30 percent of 10th graders are ready for college, and that high schools and colleges should attempt to address deficiencies for the 70 percent who are not college-ready sooner than the 12th grade.

Flack also discussed a THECB initiative related to developmental education. The THECB hosted a Seamless Transitions Conference in spring 2004, which included high school counselors and community college faculty. The conference was designed to develop best practices for developmental education and for high school counselors preparing students for college. With federal Carl Perkins funds, the THECB developed a compact disc (CD) outlining these best practices and has distributed 10,000 CDs to counselors, faculty and teachers across the state. The THECB plans to continue the conferences annually. Because this was the first year of the conference and the first year that the CD was distributed, the benefits of the initiative are still unclear.

Dr. Jesus "Jess" Carreon, Chancellor, Dallas County Community College District, outlined a number of qualities of successful developmental education programs. According to Carreon, successful programs:

- fit with the student's assessed learning style;
- base curriculum on the desired results; and
- combine levels of instruction for more rapid advancement.

Role of Developmental Education

The adoption of the TSI changed developmental education in Texas. Teri Flack described the promise that the TSI holds for helping students to succeed in higher education. Further study is needed, however, to determine whether the TSI is achieving the goals for which it was designed.

Dr. Donetta Goodall, Texas Association of Black Personnel in Higher Education, testified that there were more than 190,000 students enrolled in developmental education courses across the state in 2002. Goodall said that the new RHSP holds promise for reducing the number of students requiring developmental education. She also stated that the TAKS will help identify and address college-readiness in high school. If the RHSP and the TAKS are successful, the number of recent graduates needing developmental education may decrease. Nevertheless, developmental education is likely to remain important in the long term as students continue to return to higher education later in life. Thus, it is important to select effective methods of assessing the need for developmental education and for administering these programs.

Recommendations

1. The Legislature should adopt policies to encourage high school students not meeting the 11th grade Texas Assessment of Knowledge and Skills (TAKS) college-readiness standards to address deficiencies before graduation. This should not be a requirement for graduation. Policies should include, but not be limited to:
 - a. directing the Texas Education Agency to allow students who have used the first semester of their senior year to address college-readiness deficiencies to re-take the TAKS at no or low cost; and
 - b. directing the P-16 Council to study and develop partnerships between high schools and higher education institutions to encourage, but not require, developmental education prior to graduation.
2. The Legislature should require the P-16 Council to develop a college-readiness program for 8th through 12th graders in all public schools by 2008.

Charge #4

Study and make recommendations to modify the student financial assistance programs to provide better incentives for students to graduate on time with better grades, such as the B-On-Time program and work-study programs, and to simplify the application process for financial aid programs.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge 4 on March 29. The hearing included public testimony and invited testimony from:

- Don Brown, PhD, Commissioner, Texas Higher Education Coordinating Board
- Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board
- Carol McDonald, President, Independent Colleges and Universities of Texas, Inc.
- Teresa Sullivan, Executive Vice Chancellor for Academic Affairs, The University of Texas System
- Terry Bazan, Director, Student Financial Aid, Austin Community College
- Pat Jost, Director, Student Financial Aid, Trinity University
- Karen Krause, Director, Student Financial Aid, University of Texas at Arlington
- Jim Lane, Director, Student Financial Aid, University of Houston
- Marcus Wilson, Director, Student Financial Aid, Texas Tech University Health Sciences Center

During the hearing, Commissioner Don Brown provided a summary of the state's progress toward the goals listed in *Closing the Gaps by 2015*, the state's master plan for higher education. Commissioner Brown emphasized the need to align financial aid with the goals of *Closing the Gaps*, particularly in light of the recent measure to deregulate tuition.

Carol McDonald, President, Independent Colleges and Universities of Texas, Inc., and members of the Texas Association of Student Financial Aid Administrators presented an overview of financial aid. From this testimony, it was clear that financial aid is a key factor in closing the gaps in student participation and success, especially among underrepresented groups and low-income families. Moreover, to provide educational opportunity to the largest number of students, committee members agreed that it was important to find financial incentives to encourage students to graduate in a more timely fashion.

B-On-Time

Teri Flack, Deputy Commissioner, THECB, presented an update on the B-On-Time Loan Program and reminded the committee that the THECB is working on a financial aid report to be presented in July 2004, which will assist policy-makers in determining appropriate financial aid measures.

Flack discussed funding sources for the B-On-Time Loan Program. The legislation for B-On-Time authorizes the THECB to sell bonds and requires tuition set-asides to fund the program. These funds are to be accumulated in a general revenue (GR) account used specifically for the program. However, because bonds would take time to be issued and the set-asides will take time to accumulate, B-On-Time was not funded through a GR appropriation for the 2004-2005 biennium. Rather, the funding for this biennium comes from savings achieved by the THECB through refinancing the Hinson-Hazelwood College Student Loan Program bonds. Funds available for the current year total a little over \$22 million and funds for fiscal year 2005 are approximately \$34 million. This amount will provide loans to approximately 11,900 students in fiscal year 2004 and 12,280 in fiscal year 2005.

To fund B-On-Time in the future, legislation requires public universities to set aside 5 percent of any designated tuition that exceeds \$46 per semester credit hour. Thus, the set-aside amount has been roughly estimated at \$2 million in fiscal year 2004 and \$8 million in fiscal year 2005, which will accumulate for use in the 2006-2007 biennium.

Two future concerns were raised about the B-On-Time Loan Program: funding and the tax burden for students. The funding question concerns meeting the future needs of students. While the THECB was able to use the savings from bond refinancing to provide a modest level of funding for the current biennium, that opportunity likely will not be available in the future. Demand for the loan will exceed available funds this biennium and will continue to grow in the future. Also, as tuition rises, the average loan amount to each student will grow. It is unlikely that the tuition set-asides accumulated this biennium will be sufficient to fund the program adequately in the next biennium. To leverage the set-asides to a greater extent, the THECB could issue bonds to fund the program at a higher level and use the set-asides to cover the debt service on those bonds. If an even higher level of funding is desired, additional appropriations may be needed.

The second concern for the B-On-Time Loan Program will require work with the congressional delegation. According to the Internal Revenue Service, forgiveness or cancellation of student loans under the Texas B-On-Time Loan Program constitutes taxable income to the student. The amount of this income would equal the amount of the loans forgiven, and the entire loan amount would be taxable the year in which the forgiveness occurred. In other words, students who met all the requirements for the loan to be forgiven would be faced with paying taxes on the entire loan amount in the first year after the loan is forgiven. Those who do not meet the requirements and must pay back the loan will have 15 years to do so at zero interest and with no tax implications.

Other Student Financial Assistance Programs

From public testimony as well as the THECB's financial aid report, *Preparing for the Emerging Texas: Report on the Effectiveness and Efficiency of State Financial Aid Programs to Help Close the Gaps in Participation and Success*,²⁸ the committee reached a number of conclusions that will assist in developing state policy.

The first conclusion concerns educating students and their families about financial aid opportunities. To take advantage of federal, state, and other financial aid opportunities, families need to be made aware of the financial assistance available to them. Training for counselors, parents, and students should be available through multiple sources. Outreach efforts need to be coordinated between community-based groups, school districts, local colleges, and universities.

One way to educate the public is to continue and expand the THECB's Higher Education Assistance Pilot Program and First Generation College Student Initiatives. These programs foster the development of partnerships among school districts, institutions of higher education, and the THECB. Such programs provide outreach support, enrollment workshops, and local information centers for students and parents throughout the state. This information is especially valuable to families in regions where college participation rates are low. After only one and one-half years of program operations, the average college participation rate of students in the high schools with the lowest college participation rates increased from 29 to 36 percent. The programs are currently funded by the federal government through the Department of Labor, but state appropriations should be sought to continue and expand these efforts if that source of support is eliminated.

If it proves beneficial to public higher education institutions in Texas, the congressional delegation should support the provisions of HR 4283, the *College Access and Opportunity Act* (or similar legislation), which require the use of a new formula for distributing federal campus-based funds among institutions. Current formulas used for distributing Federal Work-Study Funds, Supplemental Educational Opportunity Grants, and Perkins Loans were last updated 10 years ago. The formula allocates funds based on when an institution began participating in one of the programs and in which state the institution is located. Population growth patterns and institutions' missions are not considered, although only five states (of which Texas is one) are expected to accommodate 67 percent of the nation's projected increase in college-age youth in

²⁸ *Preparing for the Emerging Texas: Report on the Effectiveness and Efficiency of State Financial Aid Programs to Help Close the Gaps in Participation and Success*, Texas Higher Education Coordinating Board, July 2004, <http://www.thecb.state.tx.us/reports/pdf/0776.pdf>.

the years 2000-2015²⁹. The bill would phase out the current formula to provide lower-cost institutions and their students a more equitable share of these federal funds. In 2003, Texas received \$145.6 million of the \$1.9 billion in funds distributed through these programs.

Federal efforts also should focus on simplifying the financial aid process for needy students and their families. The *College Access and Opportunity Act* includes efforts to provide financial aid information to families receiving benefits such as free lunch, food stamps, and other similar programs. Additionally, the bill provides a "simplified needs test" to more easily assess the financial need of students qualifying for programs such as free lunch.

Once students have received approval for a financial aid award, then those funds should be dispersed in a timely manner. Issuing state funds for financial awards prior to the beginning of the state fiscal year will assist students in receiving the funds needed to begin their studies. Also, institutions need to allow some flexibility in registration for students who have been approved for an award, which may not be issued until after the beginning of the semester. The state's emergency tuition and fee loan program, which assists students in purchasing books and supplies, can also be expanded. This program, authorized under Texas Education Code Chapter 56, Subchapter D, provides short-term (90-day) loans to students. Students would benefit from creative tuition and fee payment plans that would allow them greater flexibility and time to pay for college.

It is the hope of the committee that the major state financial aid programs (TEXAS Grants I and II; Texas B-On-Time Loan Program; Texas Public Educational Grant Program [TPEG]; Tuition Equalization Grant Program [TEG] and Texas College Work-Study Program) can be fully funded in order to meet the financial needs of all Texas students.

Table 14 on the following page shows the projected costs of fully funding the TEXAS Grant and B-On-Time Loan Program.

²⁹ Anthony P. Carnevale and Richard A. Fry, "The Democratic Window of Opportunity: College Access and Diversity in the New Century," *Condition of Access, Higher Education for Lower Income Students*, Donald E. Heller, editor, American Council on Education, 2002, p. 141.

Table 14

TEXAS HIGHER EDUCATION COORDINATING BOARD

TEXAS Grant and B-On-Time Loan Program Projections and Steady Funding Scenario (2006-2007)

<u>Fiscal Year/Biennium</u>	<u>No. of Students</u>	<u>Amount</u>
2006 BOT Renewal	7,833	23,631,212
2006 TG Renewal	36,227	121,002,601
Total 2006	44,060	144,633,813
2007 BOT Renewal	7,280	23,631,212
2007 TG Renewal	46,017	155,734,975
Total 2007	53,297	179,366,187
Total for Biennium	53,297	324,000,000

	Texas Grant		B-On-Time		Total Full Funding for 2006/2007 Biennium	
	<u>Full Funding for 2006/2007 Biennium</u>		<u>Full Funding for 2006/2007 Biennium</u>		<u>Biennium</u>	
	<u>No. of Students</u>	<u>Amount</u>	<u>No. of Students</u>	<u>Amount</u>	<u>No. of Students</u>	<u>Amount</u>
2006 New	41,521	114,593,534	28,042	85,682,898	69,563	200,276,432
2006 Renewal	36,227	121,002,601	12,933	40,528,943	49,160	161,531,544
Total 2006	77,748	235,596,135	40,975	126,211,841	118,723	361,807,976
2007 New	45,185	133,063,426	30,517	99,671,855	75,702	232,735,281
2007 Renewal	46,017	155,734,975	28,402	97,300,714	74,419	253,035,689
Total 2007	91,202	288,798,401	58,919	196,972,569	150,121	485,770,970
Total for Biennium	91,202	524,394,536	58,919	323,184,410	150,121	847,578,946

- >Total number of students served in a biennium is the same as the total number of students served in the last fiscal year of that biennium
- > Projections use the actual number of public high school students graduating in 2003(225,290) increased by 3% per year
- > 63.72% of public high school students graduating with Recommended High School Program in 2003; 5.5% increase in FY 2004 - 2007, 6.5% for FY 2008 - 2010 Assumes 95.36% will graduate with the RHSP by 2010.
- > Increases the average award amount at 4yr Inst. by 21% for FY 2005, 7.5% for FY 2006 - 2007, and 5% for FY 2008 - 2011.
- > Increases the average award amount at 2 yr Inst. by 5% for FY 2005, 3% for FY 2006 - 2009 and 2% thereafter.

Because of the substantial cost of fully funding these programs, the state may have to consider a more efficient distribution of the two major financial aid programs (TEXAS Grants and B-on-Time). TEXAS Grants encourage students to participate in higher education, while B-on-Time loans encourage students to complete their studies as promptly as possible.

Suggestions were provided by an advisory group of Texas student financial administrators concerning ways to narrowly focus the TEXAS Grant program in the event that full funding is unavailable. Their suggestions included the following:

- Require eligible students to maintain full-time enrollment (12 hours per semester).
- Reduce eligibility to 4 years for 4-year degrees; 5 years for 5-year degrees or no more than 6 hours beyond the degree requirement (as in the B-On-Time Loan Program).
- Stair-step the grade point average requirement, raising it each year in the program. Requirements do not need to be specified in statute, but rather the THECB can be given the authority to set the requirements by rule.
- Establish a fixed application deadline. For instance, set June 1 and April 15 as the deadlines for completing the FAFSA if the student is to be considered for TEXAS Grants. However, doing this raises concerns for first-generation students, since they are less sophisticated in the financial application process and, therefore, less likely to meet deadlines.
- Make the TEXAS Grant amounts (average tuition and fees) the *maximum* award, and require institutions to cover tuition and fees with gift aid. The state's promise for free tuition and fees would be met, but the institutions would have more flexibility in distributing TEXAS Grant funds. A minimum award amount would also need to be set in order to avoid dramatically increasing the TEXAS Grant population.
- Limit eligibility for initial awards to students with family contributions less than or equal to \$4000.
- Base the kind of financial aid award on the family and student's ability to pay. Use TEXAS Grants for students with family contributions of \$4000 or less. Use the B-On-Time Loan funds for those with higher family contributions.

During the hearings, members had difficulty distinguishing between TEXAS Grants I and Texas Grants II, because the names are similar. Therefore, changing the name of one of the grants to more accurately reflect its target audience will prevent further confusion for students and their families.

Provisions should also be made for students who enter the TEXAS Grant Program based on seventh semester high school transcripts. Currently, Texas Education Code Section 56.3041 requires institutions to cancel these students' eligibility at the end of a year if their final high school transcripts, once received, show that they did not complete the Recommended Curriculum as anticipated on the seventh semester transcript. If these students can meet the collegiate academic requirements of the award, they should be allowed to continue receiving grants.

The requirements for receiving state financial aid awards must also be reexamined. To ensure that students are aware of eligibility and academic progress requirements and to simplify program administration, state financial aid requirements for various awards should be aligned.

For example, the TEXAS Grant II Program and the B-On-Time Loan Program should be changed to conform to those of the TEXAS Grant.

Furthermore, the same hardship provisions for students receiving awards through the TEXAS Grant II Program should be provided for students in the TEXAS Grant Program. Students in the TEXAS Grant Program may be granted an extension of eligibility in the case of hardship if the financial aid officer concludes that a student fell below program academic progress requirements as a result of a personal or family emergency. Emergencies occur, and financial aid officers should be allowed the same professional judgment options in the TEXAS Grant II Program as in the TEXAS Grant Program.

Differences between the Federal Work-Study Program and the Texas College Work-Study Program also create program inefficiencies. When the state work-study program was created, the federal government required nonprofit employers to pay 30 percent of a participating student's wages. For-profit employers were required to pay 50 percent. The state's matching requirements were set at the same amounts. Subsequently, the federal government lowered its matching requirement for nonprofit employers to 25 percent, but the state matching requirement has never been changed. As a result, if a student is employed through the state program in fall and spring and has eligibility to continue in the federal work-study program in summer, he or she cannot participate in the federal program until the institution and the employer negotiate a new contract. Consistent matching requirements will increase students' ability to remain continuously employed, even when state or federal funds are depleted.

Another concern is that the Texas work-study program is not competitive with other employment opportunities available to students. As a result, students may be less likely to apply for a work-study position when they can make more money doing other jobs for less time.

The state's exemption and waiver programs should also be examined. An additional study should be conducted to help identify potential improvements in these programs. Each year, institutions forego almost \$200 million in tuition and fee revenues through these programs. A review could help identify ways to align the programs with the state's goals for participation and success.

Finding incentives that will encourage students to graduate in a more timely fashion will help the state close the gaps in participation and success. One program currently designed for this purpose is the state's tuition rebate program. This program provides students a tuition rebate of \$1,000 if they complete their bachelor's degrees without attempting more than six hours beyond the hours required by their degrees (excluding up to nine hours of credit by examination). The THECB recommended that the following changes be made to the rebate program:

- Raise the value of the rebate to make it a stronger incentive;
- Reward students for completing their degrees in the right amount of *time*, not only the right number of hours. There will be less demand for classroom space if students complete their studies sooner, and students will avoid the living costs and employment opportunity costs of an additional year of college.
- Appropriate funds to reimburse institutions for the awards they make to students. The current system essentially penalizes institutions for student efficiency.

- Provide an appropriations bonus or other reward for institutions whose students graduate on time. Good academic advising should be recognized and rewarded.

Recommendations

1. The Legislature should encourage the Texas congressional delegation to support federal efforts to simplify the Free Application for Federal Student Aid, especially for low income students.
2. If it proves to be beneficial to institutions of higher education in Texas, the Legislature should encourage the Texas congressional delegation to support the provisions of HR 4283, the College Access and Opportunity Act, or similar legislation, that require the use of a new formula for distributing federal campus-based funds among institutions.
3. The Legislature should direct the Texas Higher Education Coordinating Board (THECB) to develop and provide comprehensive financial aid training for public school counselors, community-based organizations and others so there is a reliable and consistent source of information.
4. The Legislature should direct the THECB to continue and expand the Higher Education Assistance Program and First Generation College Student Initiative so more students will learn of financial aid through these outreach programs.
5. The Legislature should require institutions to allow students who are waiting for disbursement of financial aid to register on an accounts-receivable basis.
6. The Legislature should take necessary action to make state financial aid funds available at the start of the academic year in August.
7. The Legislature should expand the state's emergency tuition and fee loan program to allow awards to students for books and supplies. If funding in the emergency tuition and fee loan program is limited, allow institutions to give priority to needy students.
8. The Legislature should adjust the state's tuition and fee installment plan to provide more payment options to all families.
9. The Legislature should retain and fully fund the major state financial aid programs.³⁰
10. If the Legislature cannot fully fund the TEXAS Grant and Be-On-Time Loan Programs, the programs should be applied in tandem, with students receiving TEXAS Grants during their first two years of college (first three years, if they acquire an associate's degree), and then receiving Be-On-Time loans for the balance of their studies.
11. If the Legislature cannot fully fund the TEXAS Grant and Be-On-Time Loan Programs, program eligibility should be limited to five years.

³⁰ Approximate cost of fully funding all eligible students at current eligibility standards: TEXAS Grants: \$524.4 million, B-on-Time: \$323.2 million, State Work Study Program: \$14 million, Texas Grants II: \$225 million, Tuition Equalization Grant: \$82 million.

12. The Legislature should direct the THECB to base TEXAS Grant award amounts based on tuition and fee projections for the upcoming academic year.³¹
13. The Legislature should allow students who enter the TEXAS Grant Program based on seventh semester high school transcripts to continue in the program if they then meet the program's college academic progress requirements.
14. The Legislature should change the academic progress requirement for the TEXAS Grant II Program to conform with those of the TEXAS Grant and Be-On-Time Loan Programs.³²
15. The Legislature should change the employer contribution requirements of the Texas College Work-Study Program to match those of the much larger Federal Work-Study Program.
16. The Legislature should provide the same hardship provisions for students receiving awards through the TEXAS Grant II Program as are available for students in the TEXAS Grant Program.
17. The Legislature should rename the TEXAS Grant II Program to be the Texas Educational Opportunity Grant (TEOG) to eliminate confusion with the TEXAS Grant Program.
18. The Legislature should expand the state's tuition rebate program to include students who graduate on time as defined by the calendar as well as by the number of hours attempted; increase the value of the rebate and appropriate funds to meet program costs.
19. The Legislature should direct the THECB to conduct an additional study to identify potential improvements in state exemption and waiver programs.

³¹ TEXAS Grant awards are currently based on 2003-2004 tuition and fees, which are less than the true cost for 2004-2005.

³² Unlike the TEXAS Grant Program, the TEXAS Grant II Program does not require recipients to have completed the Recommended High School Curriculum. Therefore, students who receive TEXAS Grant II awards are typically less prepared for college than TEXAS Grant recipients. However, the continuation award requirements for TGII are more stringent than those for the TEXAS Grant. For those reasons, the TGII requirements should be changed to equal those of the TEXAS Grant and BOT Loan Programs.

Charge #5

Review and make recommendations relating to the adequacy of funding for graduate medical education, including funding required for professors, facilities, research programs, and students. Review and make recommendations relating to increasing the number of health professionals.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge #5 on April 8. The hearing included public testimony and invited testimony from:

- George C. Wright, PhD, President, Prairie View A&M University
- David Jones, PhD, Council Chair, Joint Admission Medical Program
- Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board
- Lois Bready, MD, Associate Dean for Graduate Medical Education, Designated Institutional Officer, University of Texas Health Science Center at San Antonio
- Ben G. Raimer, MD, Vice President of Community Outreach, University of Texas Medical Branch at Galveston
- Ken Shine, MD, Executive Vice Chancellor for Health Affairs, University of Texas System
- Kern Wildenthal, MD, President, University of Texas Southwestern Medical School
- Christopher Colenda, MD, Dean, College of Medicine, Texas A&M Health Science Center
- Celia Kay, MD, Vice Dean, University of Texas Health Science Center at San Antonio
- Richard Homan, MD, Dean of Medicine, Texas Tech University Health Sciences Center
- Mike McKinney, MD, Senior Executive Vice President and CEO, University of Texas Health Science Center at Houston
- Thomas Blackwell, MD, Associate Dean for Graduate Medical Education, University of Texas Medical Branch at Galveston
- Don Peska, DO, Associate Dean for Educational Programs, University of North Texas Health Science Center at Fort Worth
- Juanita Romans, CEO, Memorial Herman Hospital, Houston
- Chris Durovich, CEO, Children's Medical Center, Dallas
- Tom E. Roy, Vice President for Governmental Relations, JPS Health Network, Fort Worth
- Roland Goertz, MD, Executive Director, Heart of Texas Community Health Center, Waco
- Brett A. Johnson, MD, Director, Family Practice Residency Program, Methodist Charlton Medical Center, Dallas
- John Gates, CFO, Parkland Health & Hospital System, Dallas

The Texas Higher Education Coordinating Board (THECB) released a report in August 2004 entitled *Funding Graduate Medical Education In Texas*³³ (Appendix A), which provides a thorough explanation of Graduate Medical Education (GME) funding in Texas.

Graduate medical education, or residency training, is the system used to provide additional academic and clinical education to physicians after they have graduated from an accredited medical school. GME refers to training for both doctors of medicine (MD) and doctors of osteopathic medicine (DO). Completion of this education leads to state licensure and certification in one or more specialties. The "internship" refers to the first year of residency, while "fellowships" refer to post-resident instruction or training.

GME is a partnership between medical schools and teaching hospitals to train resident physicians. Typically, teaching hospitals and clinics provide residents with patient care opportunities in a clinical training environment while medical school faculty physicians teach and supervise the resident physicians.

To participate in an accredited residency program, recent MD and DO graduates submit their preferences for a specific training program in a medical specialty area and their preferred geographical area to the National Resident Matching Program (NRMP).³⁴ Each residency program submits a "rank-order" list of preferred residents. NRMP then produces a "matching list" of applicants and programs based on preferences expressed by both parties. For example, a resident who wishes to pursue pediatrics in Texas would submit a preference list of pediatrics residency programs and the various pediatrics residency programs would also submit a rank ordered list, which may include that applicant. NRMP uses a computerized matching algorithm program to compare both lists and match a resident to a program. On "Match Day," residents learn where they will complete their residency training, and residency programs learn which residents will fill their available positions. Physicians are then contractually obligated to train in the residency programs in which they are matched.

According to THECB, residency programs that fill all available positions on Match Day are typically considered more competitive programs. The number of residency positions nationally exceeds the number of applicants. Some residency programs, therefore, will have positions that remain unfilled. Texas residency programs fill at a rate of approximately 90 percent.

While the teaching hospitals provide the patient care opportunities for graduate medical education, the teaching portion of the residency programs is generally directed by medical school faculty or through a consortia arrangement of local practicing physicians who serve as faculty for specific residency programs. National accreditation for the various residency programs is granted through the Accreditation Council on Graduate Medical Education for allopathic medical residencies. The Bureau of Professions of the American Osteopathic Medicine accredits residencies for osteopathic medical residents.

Residency program sponsors are the entities responsible for setting and maintaining residency

³³ THECB (August 23, 2004). *Funding Graduate Medical Education in Texas*.

³⁴ There is another match program for DO-accredited residency programs that is limited to DO graduates. This match is administered by the Bureau of Professions of the American Osteopathic Medicine Association.

program curricula. Program sponsors may include medical schools, hospitals, or local foundations. Each sponsor is required to seek and maintain accreditation to ensure that residents qualify for state licensure and specialty board certification. The majority of residency training takes place in a hospital setting through the provision of patient care services. Residency training, however, may also take place in an outpatient clinical setting.

Revenue, Funding, and Expenses GME Programs in Texas

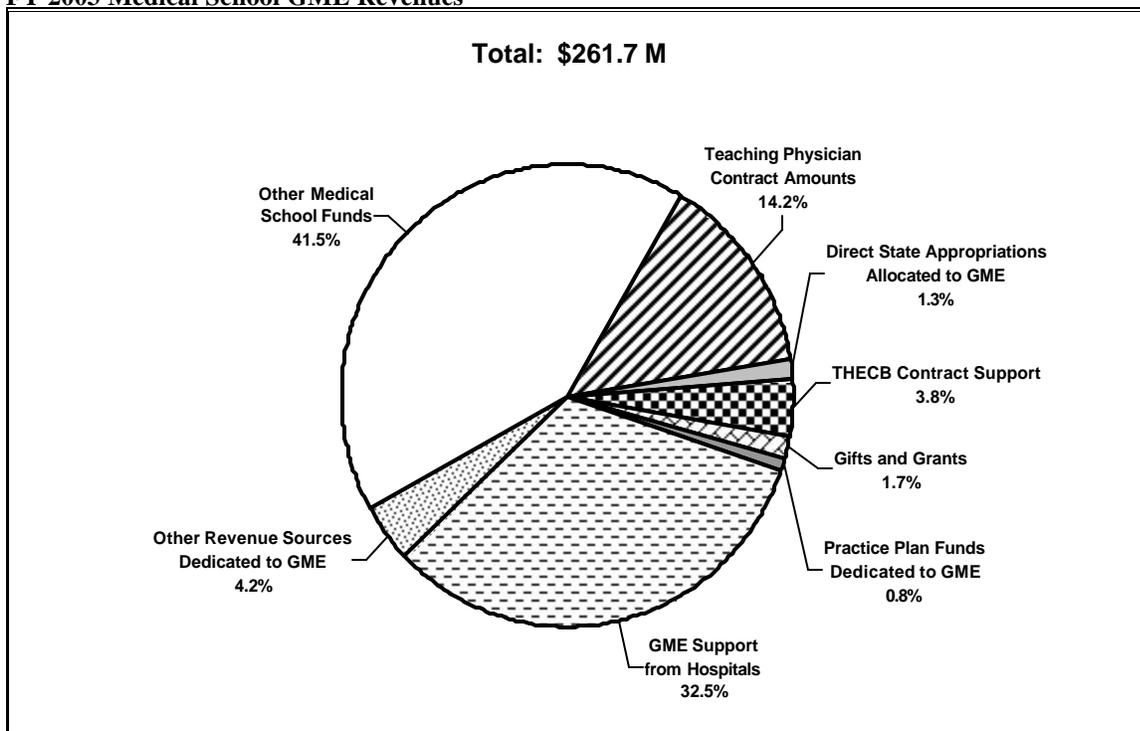
In July 2000 the Senate Finance Committee submitted a report to the Texas Legislature describing a funding system for GME that was "a fragmented patch work of locally-oriented practices with few consistent accounting standards, methods of operation, or definitions."³⁵ Although many changes have been implemented since that report to simplify and make the topic more understandable, GME funding remains complex.

Funding/ Revenue

Data collected from all Texas medical schools and the 25 teaching hospitals with the largest residency training programs were analyzed by the THECB. The study (refer to Appendix A) revealed multiple federal, state, and local funding streams that combine to support the day-to-day operations of residency programs.

Figure 5 below illustrates the FY 2003 Medical School GME Revenues of Texas' eight medical schools.³⁶

Figure 5
FY 2003 Medical School GME Revenues



³⁵ Senate Finance Committee Interim Subcommittee on Graduate Medical Education, 76th Texas Legislature, July 7, 2000.

³⁶ THECB (August 23, 2004). *Funding Graduate Medical Education in Texas*.

Figure 5 shows the following:

- 32.5 percent of GME revenues were provided to the medical schools as *GME Support from Hospitals*. This reflects the partnership relationships between many of the medical schools and affiliated teaching hospitals.
- 14.2 percent of GME revenues were *Teaching Physician Contract Amounts*, another form of direct payment from the teaching hospitals to the medical schools. Revenue coded in this category reflects contracts between teaching hospitals and medical schools that do not provide direct support for teaching physicians with that for resident physicians.
- 4.2 percent of GME revenues were accounted for as *Other Revenue Sources Dedicated to GME*. These revenues included funds from endowment and foundation proceeds, institutional reserves, and practice plan revenues not originally used to support GME.
- 3.8 percent of GME revenues were from *THECB Contract Support for GME*. Collectively, these revenues were payments from five programs administered by THECB's Division of Universities and Health-Related Institutions.
- 1.7 percent of GME revenues were *Gifts and Grants*.
- 1.3 percent of GME revenues were *Direct State Appropriations Allocated to GME*. These revenues include Special Item funds for The University of Texas Southwestern Medical Center at Dallas Medical School, The University of Texas Health Science Center at San Antonio and Texas Tech University Health Sciences Center specifically for residency training programs in Lubbock, Midland, and El Paso.
- 0.8 percent of GME revenues were *Practice Plan Funds Dedicated to GME*. Two medical schools reporting in this category were Texas Tech University Health Sciences Center School of Medicine and The University of Texas Southwestern Medical Center at Dallas Medical School.
- 41.5 percent of revenues were *Other Medical School Funds* not dedicated to GME function, but needed to support GME costs. These revenues include practice plan funds (79 percent) and other funds (21 percent), such as endowments, foundations, and reserves.

In FY 2003, the eight Texas medical schools in the THECB study were training 5,092 resident physicians, or 86 percent of the physician residents in Texas that year. The average revenue per resident for the medical schools was calculated at \$51,388, of which \$30,066 was covered by GME-dedicated revenues and \$21,322 was covered by other non-GME-dedicated medical school funds.

Figure 6 below shows FY 2003 Teaching Hospitals GME Revenues.

Figure 6
FY 2003 Teaching Hospital GME Revenues

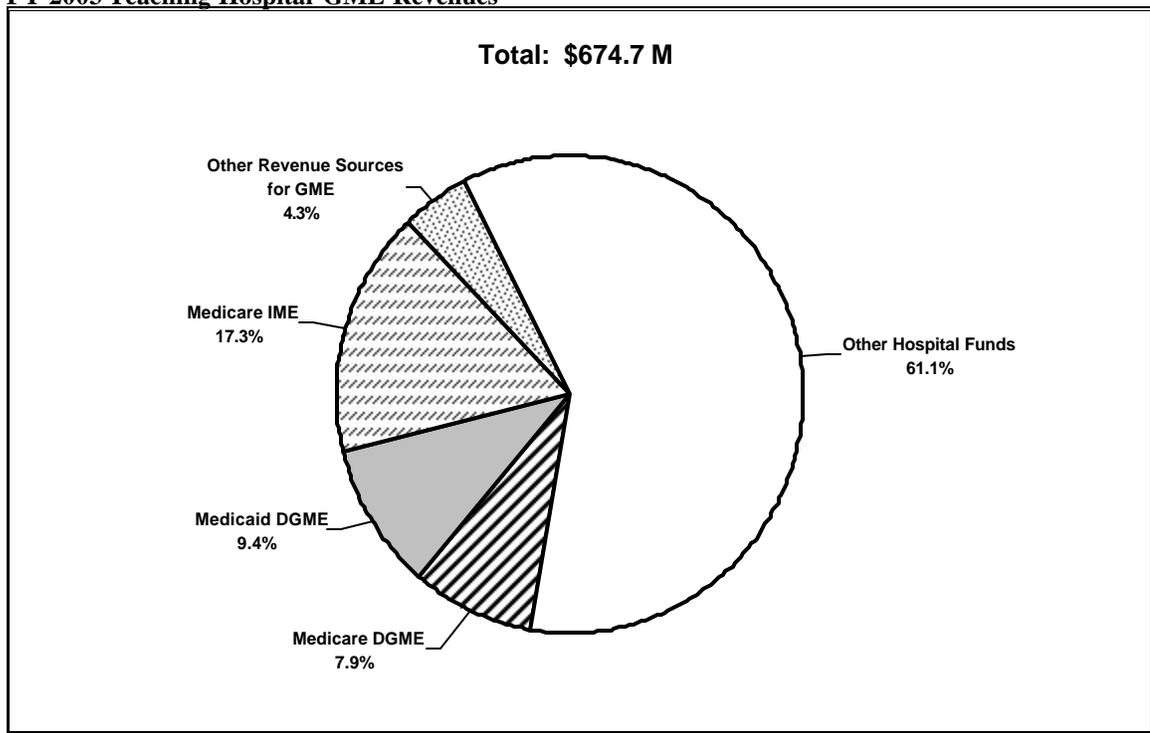


Figure 6 shows the following:

- 17.3 percent of GME revenues were payments for *Medicare Indirect Medical Education (IME)*. These revenues are payments made to the teaching hospitals by the federal government to compensate for higher patient care costs due to the presence of teaching programs.
- 9.4 percent of GME revenues were for *Medicaid Direct Graduate Medical Education (DGME)*. These revenues were a combination of general revenue and federal matching funds that were appropriated by the Texas Legislature to support GME in FY 2003.
- 7.9 percent of GME revenues were payments for *Medicare Direct Graduate Medical Education (DGME)*. These are payments made to the teaching hospitals by the federal government to provide partial compensation for residency education costs.
- 4.3 percent of GME revenues were *Other Revenue Sources for GME*. These revenues are amounts received from state, local, and/or private grants or donations used to fund GME, as well as federal Children's Hospitals payments for GME Direct Medical Education.
- 61.1 percent of GME revenues were *Other Hospital Funds*. These revenues come from hospital reserves, Disproportionate Share Hospital funds, and patient care revenues from commercially insured patients.

In FY 2003, the 25 teaching hospitals participating in THECB's study were providing clinical experiences for 4,113 residents, or 70 percent of the total number of residents in the state. The

average per resident revenue for teaching hospitals was calculated at \$161,451, of which \$63,765 is covered by GME-dedicated revenues and \$97,686 is covered by other non-GME dedicated hospital funds.

For both medical schools and teaching hospitals, the funding of GME can be divided into three groupings: appropriation of Medicaid payments to teaching hospitals, general revenue (GR) funds trusted to the THECB, and special item funding to three medical schools and one teaching hospital.

- **Medicaid GME (includes federal Medicare support):** payments are paid directly to the teaching hospitals.
- **Trusted funds to the THECB:** limited to the support of primary care residency training programs in family practice, internal medicine, obstetrics/gynecology, and pediatrics.
- **Special item funding for GME:** appropriated to the three medical schools and one teaching hospital (this appropriations totaled approximately \$8.1 million during the 2004-2005 biennium).

Expenses

The major categories of GME expenses for teaching hospitals and medical schools are:

- resident compensation;
- faculty salaries; and
- program administration (direct and indirect, overhead, etc.).

According to the THECB study, the average per-resident expense for the medical schools in Texas was \$51,388 in FY 2003. The average per-resident expense for the 25 teaching hospitals that participated in the THECB's study was \$161,451 in FY 2003. Figure 7 and Figure 8 illustrate what medical schools and teaching hospitals spend to educate residents.

Figure 7 below breaks down the expenses of medical schools.

Figure 7
FY2003 Medical School Expenses

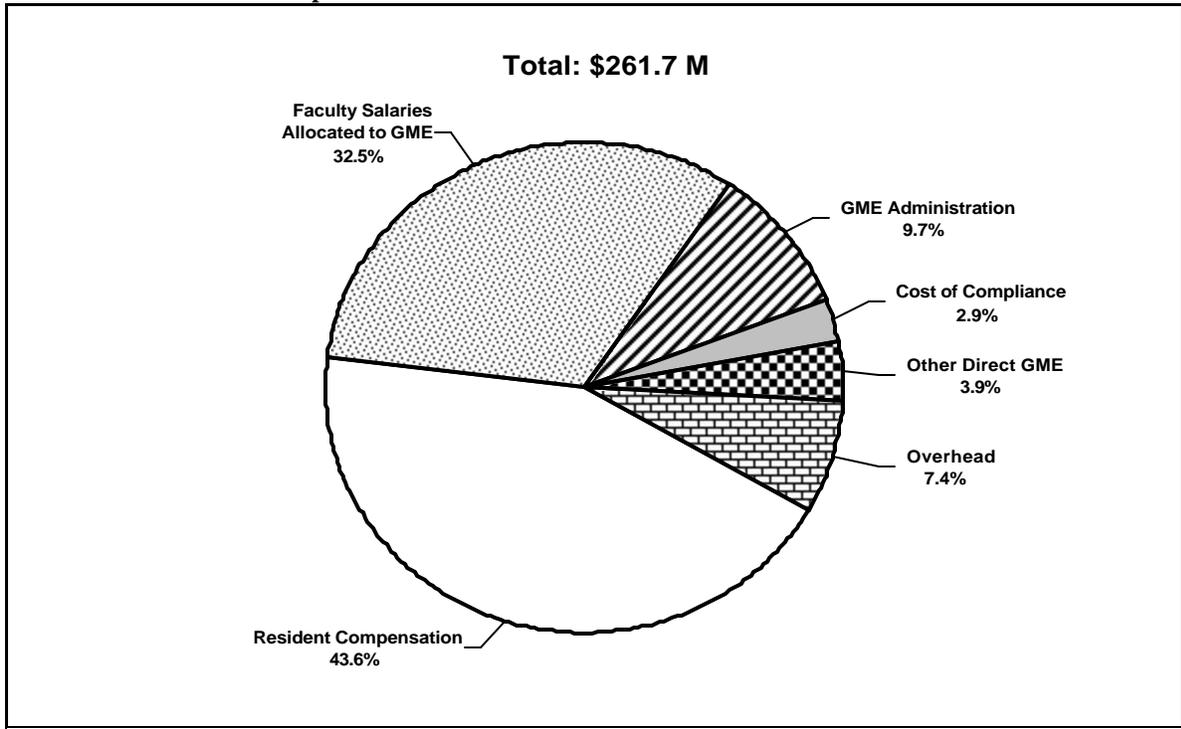


Figure 7 shows the following:

- 43.6 percent of GME expenses were reported as Resident Compensation. This category includes salaries, benefits, and stipends paid to residents.
- 32.5 percent of GME expenses were reported as *Faculty Salaries Allocated to GME*.
- 9.7 percent of GME expenses were reported as *GME Administration*. This category includes the salaries and wages of the administrative staff who support the teaching faculty.
- 7.4 percent of GME expenses were reported as *Overhead (not included elsewhere)*. This category includes both departmental and institutional overhead based on an allocation methodology consistent with the institution's application of overhead in its grants and contracts agreements.
- 3.9 percent of GME expenses were reported as *Other Direct GME*. This category includes such expenses as liability insurance and travel expense associated with recruitment.
- 2.9 percent of GME expenses were reported as *Cost of Compliance*. This category includes various accreditation costs incurred by medical schools for their residency programs and some liability insurance expense.

Figure 8 below illustrates the break down of teaching hospital expenditures.

Figure 8
Teaching Hospital Expenses

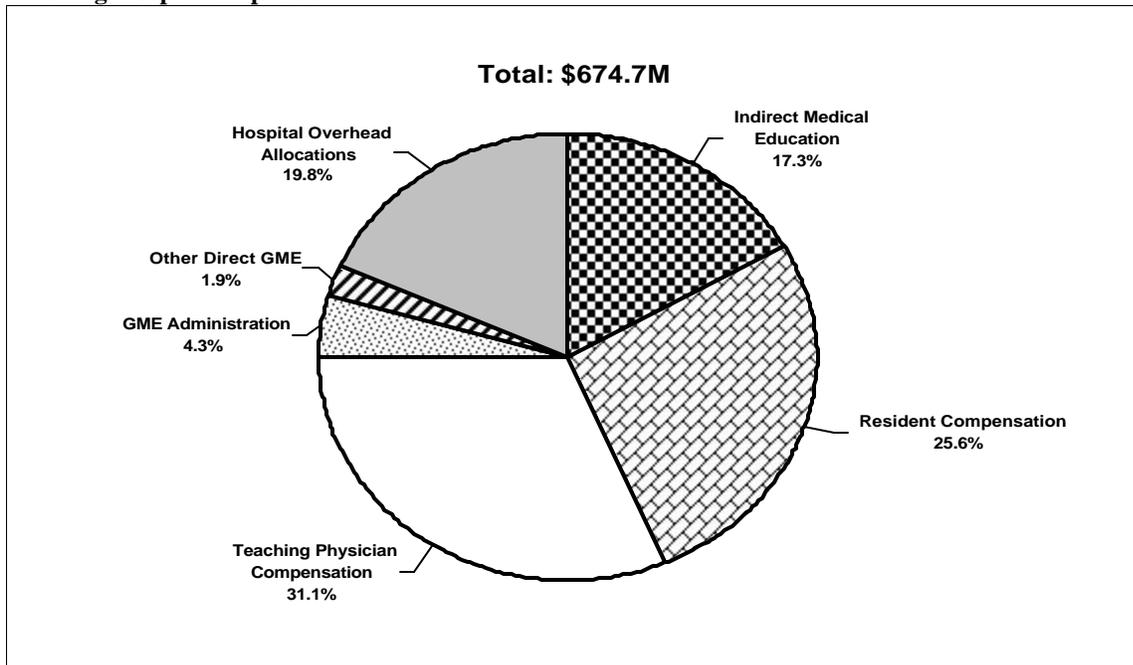


Figure 8 shows the following:

- 31.1 percent of GME expenses were reported as *Teaching Physician Compensation*. These expenses included the salaries and fringe benefits for supervising physicians.
- 25.6 percent of GME expenses were reported as *Resident Compensation*. These expenses included resident salaries and benefits.
- 19.8 percent of GME expenses were reported as *Hospital Overhead Allocations*. These expenses are calculated by a federally prescribed methodology and are exclusive of any other expenses.
- 17.3 percent of GME expenses were reported as *Indirect Medical Education*. For the purpose of the THECB study, the teaching hospitals were instructed to enter the same amount that had been provided under Medicare IME revenues.
- 4.3 percent of GME expenses were reported as *GME Administration*, e.g., direct cost of staff office providing long-term planning, institutional oversight, and operations management of residence and fellowship programs.
- 1.9 percent of GME expenses were reported as *Other Direct GME (not included elsewhere)*, e.g. resident liability insurance costs, resident meals, resident parking, net operating loss from teaching clinic.

Findings

Testimony before the Senate Subcommittee on Higher Education, THECB's report on GME, and interviews with other stakeholders conducted by Subcommittee staff showed that GME programs in Texas are significantly under-funded. Further, these programs have limited potential to expand

to meet the physician needs of a growing population. The causes of these problems are numerous and varied.

Federal policies and rules create some of the problems. For example, Medicare DGME payments are linked to the residents' compensation and other direct expenses, while the larger portion of funds is provided for IME, which partially supports the additional hospital costs incurred from attracting sicker patients and performing more tests and procedures in a learning environment than in non-teaching hospitals. However, Medicare has different resident limits for counting residents in its IME adjustment and for reimbursement for a teaching hospital's DGME costs. Generally, a hospital's IME adjustment depends on a hospital's teaching intensity as measured by the ratio of the number of interns and residents per bed. According to information provided by the Texas Medical Association (TMA), the number of Texas GME slots not paid by Medicare is estimated as high as 2,300 (39 percent).³⁷ This lack of funding requires teaching hospitals to find alternative funding sources to open, maintain, or grow a GME program.

The funded slots include slots in hospitals and community settings. Although much of GME training has followed a recent trend of providing patient care in less expensive ambulatory or community settings, Medicare's GME support is allocated through hospitals, providing little or no financial support for slots outside the hospital.

In addition to these federally created structural problems affecting GME funding, state funding to GME has also been limited.

³⁷ TMA Memo random to Subcommittee Staff (September 2004)

TMA provided Table 15 below to demonstrate the limited funding for GME.

**Table 15
GME Funding 2002-2005**

	2002-03	2004-05	Net Difference	% Difference
	Funding	Funding	2004-05/2002-03	2004-05/2002-03
Programs				
State GME Funding for:				
Primary Care Residency Programs				
Family Practice Residency	\$20,599,709	\$18,383,522	-\$2,216,187	-11%
Primary Care Residency	5,886,460	5,253,104	-633,356	-11%
Graduate Medical Education	15,200,000	3,828,222	-11,371,778	-75%
Family Practice Pilot Programs	1,974,400	0	-1,974,400	-100%
<i>Subtotal</i>	<i>43,660,569</i>	<i>27,464,848</i>	<i>-16,195,721</i>	<i>-37%</i>
Teaching Hospitals				
Resident Physician Compensation	8,070,238	0	-8,070,238	-100%
Medicaid GME*	E126,800,000	0	E-126,800,000	-100%
<i>Subtotal</i>	<i>E134,870,238</i>	<i>0</i>	<i>E-134,870,238</i>	<i>-100%</i>
Total: GME Programs	<i>E178,530,807</i>	<i>27,464,848</i>	<i>E-151,065,959</i>	<i>E-85%</i>
E=Estimated. Note: Adjustments were made to FY 2004-05 budget to reflect 0.26 percent decrease as directed by Section 56, Article III, General Appropriations Act, 2003. *No Medicaid GME funds were allocated for 2004-05 Biennium. One-time relief funding using unclaimed lottery winnings has been approved for FY 2005 and as of Sept. 1, 2004, \$3 million in state and \$4.2 million in federal matching dollars were approved for allocation to teaching hospitals. (Rider 48, Article IX, General Appropriations Act, allows for this allocation). Up to \$20 million in Medicaid GME relief funds may be forthcoming for FY 2005. For FY 2003, Texas teaching hospitals identified \$63.4 million in Medicaid GME payments in the Coordinating Board's study of GME revenues and costs. Allocations for FY 2002 are not available and are assumed to be the same as 2003.				

At least 1,200 students graduate from Texas medical schools each year in comparison to about 1,350 entry-level GME slots. After counting a slot for each Texas graduate, only about 150 GME slots are available for out-of-state and international medical graduates to train in Texas.³⁸ Excluding military and Veterans Affairs programs, there is a total of 5,902 resident physicians in Texas training in 468 accredited GME programs. According to TMA, two national studies predict a shortage of 50,000 doctors nationwide by 2010. The shortage is predicted to increase to between 150,000 and 200,000 by 2020.³⁹ Funding and expanding GME programs will be a significant factor in the state's attempt to address the projected shortage and its effect on patient care.

³⁸ TMA and UT System public testimony at legislative hearings.

³⁹ TMA Memo to Subcommittee Staff (September 2004)

Recommendations

1. The Legislature should prioritize the Texas Higher Education Coordinating Board's (THECB) recommendation to restore state graduate medical education (GME) funding to 2002-2003 biennium levels and provide additional state funds for federal Medicaid match.
2. The Legislature should prioritize the THECB's recommendation to adopt formula allocations for faculty costs and resident support.
3. The Legislature should prioritize the THECB's recommendation to provide state funding to allow for the addition of 300 additional residency positions.
4. In evaluating and prioritizing requests for additional GME funds, the Legislature should consider whether the applications for additional funding accomplish the following goals:
 - a. Increase services to either non-insured or under-insured Texans.
 - b. Increase the number of Medicare and/or Medicaid funded GME residency positions in the state.
 - c. Increase ambulatory experiences and improve the quality of care to the underserved through programs such as disease management.
 - d. Increase the geographic equity of Medicaid and Medicare GME funding in the state.
 - e. Ensure continued GME programs in all areas of the state including rural, small, and urban areas of the state.
5. The THECB and the Health and Human Services Commission should work together to pursue opportunities with the Centers for Medicare and Medicaid Services to allow innovations in training of medical residents. These combined efforts should include, but not be limited to, waivers and/or programs that:
 - a. increase services to either non-insured or under-insured Texans.
 - b. increase the number of Medicare and/or Medicaid funded GME residency positions in the state.
 - c. increase ambulatory experiences and improve the quality of care to the underserved through programs such as disease management.
 - d. increase the geographic equity of Medicaid and Medicare GME funding in the state.
6. The Legislature should study the availability and use of the Trauma Funds from the Trauma Facility and Emergency Medical Services Account as a source of funding for additional residency positions with the added benefit of drawing down additional federal matching dollars and protecting the disproportionate share dollars currently received by hospitals for unfunded care.

Charge #1F (Joint Finance Charge)

Study and make recommendations relating to the development of a statewide accountability system for higher education that is consistent with funding strategies for higher education.

Background

The Senate Subcommittee on Higher Education heard testimony regarding Charge #1F on June 8. The hearing included public testimony and invited testimony from:

- Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board
- David Gardner, PhD, Assistant Commissioner for Planning and Information Resources, Texas Higher Education Coordinating Board
- Benton Cocanougher, PhD, Interim Chancellor, Texas A&M University System
- David Smith, PhD, Chancellor, Texas Tech University System
- Jay Gogue, PhD, Chancellor, University of Houston System
- Teresa Sullivan, PhD, Executive Vice Chancellor for Academic Affairs, The University of Texas System
- Geri Malandra, PhD, Associate Vice Chancellor for Accountability and Institutional Improvement on Accountability, The University of Texas System

Higher education funding is complex and presents the Legislature with unique difficulties in holding institutions of higher education accountable. Institutions receive funds from multiple sources: both appropriated and non-appropriated state funds as well as substantial funds from non-state sources. Even direct state appropriations are lump sums identified in informational strategies in each institution's bill pattern in the General Appropriations Act, which means the strategies reflect how state funds are "earned," not how funds they are spent.

Further, prior to the 78th Legislative Session no statewide accountability system existed to ensure that students receive a quality education at our state-funded institutions. When state institutions of higher education asked the 78th Legislature to deregulate tuition, citing declining state resources and the need to remain academically competitive, the need for a more accountable higher education system became even more important.

Senator Florence Shapiro passed SB 1652, relating to institutions of higher education, including the administration, operation, governance, and financing of those institutions, and to certain security services provided to such institutions and certain other educational institutions. SB 1652 created the Joint Interim Committee on Higher Education, which was charged with identifying opportunities for action relating to accountability measures and performance incentives.

In January 2004, Lieutenant Governor David Dewhurst charged the Senate Subcommittee on Higher Education and the Senate Finance Committee with studying and making recommendations relating to the development of a statewide accountability system for higher education that is consistent with funding strategies for higher education.

Also in January, Governor Rick Perry issued an executive order requiring the Texas Higher Education Coordinating Board (THECB) and institutions of higher education to work together to determine the effectiveness and quality of the education students receive.

In response, THECB developed the following four keys to creating a transparent accountability system that promotes excellence:

- Establishing groupings of institutions with similar types and missions.
- Determining for each group appropriate measures that reflect institutional performance.
- Determining benchmarks against which to measure success.
- Assessing progress annually and taking steps to improve performance.

Institutional Groupings

THECB staff worked with the Council of Public University Presidents and Chancellors (CPUPC) to develop peer groupings of institutions to provide important comparisons within the accountability system. Institutions were divided into the following seven groups: Research, Emerging Research, Doctoral, Comprehensive, Master's, Health-Related Institution, Technical and State College. These groupings were intended to be neither permanent nor prescriptive. THECB recommends that these groupings be reviewed every two years to reflect current institutional missions and changing higher education needs. Additionally, THECB plans to identify national peers after the 79th Legislative Session.

Research Universities

Research universities provide a broad range of undergraduate, graduate and professional programs, place a greater emphasis on research than universities in other groups, and serve their regions, the state, and beyond. Excellent undergraduate education is a central function, but a significantly higher proportion of these institutions' students will be enrolled in graduate and professional programs than is the case in Master's, Comprehensive, Doctoral, or Emerging Research universities.

Research institutions:

- offer a comprehensive range of excellent undergraduate and graduate programs;
- award 100 or more doctoral degrees annually in excellent programs that span at least 15 disciplines; and
- place significant emphasis on research and creative activities and generate at least \$150 million annually in research expenditures.

Table 16 below shows the Texas institutions that presently meet these criteria.

Table 16
Research Universities

	Doctoral Programs	Doctoral Enroll	Doctorates Awarded	Research Expenditures
Texas A&M University	84	3,229	442	\$390,305,058
The University of Texas at Austin	113	5,188	668	\$376,403,651

Emerging Research Universities

Emerging Research universities are educational, scientific, engineering, business and cultural resource centers committed to the three-fold mission of teaching, research and service. As universities with extensive educational programs, academic efforts are directed to applied and basic research in selected fields, teaching and scholarship, and creative activities. The universities encourage faculty members to be active researchers/creators in their respective disciplines and to involve both undergraduate and graduate students in research and creative pursuits.

As the Texas population increases, some of these institutions – especially those located in metropolitan areas of more than one million people – will develop additional breadth and increase their research expenditures (now at least \$14 million per year) to address the need for additional access to research universities.

Emerging Research universities offer a wide range of baccalaureate and master's programs, serve a student population from within and outside the region, and are committed to graduate education through the doctorate in targeted areas of excellence. The institutions award at least 20 doctoral degrees per year, offer at least 10 doctoral programs, and/or enroll at least 150 doctoral students.

Table 17 below shows the Texas institutions that presently meet these criteria.

Table 17
Emerging Research Universities

	Doctoral Programs	Doctoral Enroll	Doctorates Awarded	Research Expenditures
Texas Tech University	53	1,303	166	\$56,147,235
The University of Texas at Arlington	32	819	62	\$23,314,938
The University of Texas at Dallas	18	756	70	\$32,547,141
The University of Texas at El Paso	12	260	30	\$27,847,152
The University of Texas at San Antonio	13	220	6	\$14,547,732
University of Houston	51	1,372	207	\$88,608,021
University of North Texas	57	1,316	157	\$17,587,767

Doctoral Universities

Doctoral universities are educational and cultural resource institutions committed to the three-fold mission of teaching, research and service. With extensive educational programs, academic efforts are directed toward both applied and basic research in selected fields, teaching and scholarship, and creative activities. The universities encourage faculty members to be active researchers in their respective disciplines and to involve both undergraduate and graduate students in research and creative pursuits.

Doctoral universities offer a wide range of excellent baccalaureate and master's programs and are committed to graduate education through the doctorate in targeted areas of excellence and/or regional need. The institutions each award at least 10 doctoral degrees per year, offer at least 5 doctoral programs, and/or enroll 150 doctoral students. They generally have research expenditures of at least \$2 million per year.

Texas institutions generally within the above criteria for Doctoral Universities are:

- Sam Houston State University
- Texas A&M University-Commerce
- Texas A&M University-Kingsville
- Texas Southern University
- Texas State University at San Marcos
- Texas Woman's University

Comprehensive Universities

Comprehensive universities offer a wide range of excellent baccalaureate programs and are committed to graduate education through the master's degree. Comprehensive universities may also offer doctoral education in targeted program areas to address particular regional needs

and/or in disciplines in which the university is nationally recognized for excellence. In most cases this will be one or two areas, but may be as many as five.

Comprehensive universities are expected to:

- provide access to a broad range of excellent baccalaureate and master's programs;
- possibly provide doctoral-level education in targeted area(s) of excellence and/or regional need;
- provide excellent preparation not only for the workforce, but prepare students for professional schools and graduate education; and
- focus on serving the student population within the region.

Texas institutions generally meeting those criteria include:

- Lamar University-Beaumont
- Prairie View A&M University
- Stephen F. Austin University
- Tarleton State University
- Texas A&M International University
- Texas A&M University-Corpus Christi
- The University of Texas-Pan American
- West Texas A&M University

Master's Universities

Access to exemplary undergraduate institutions is critical to students and communities across Texas. Currently, almost 80 percent of public university students are at the undergraduate level. Master's institutions offer a wide range of baccalaureate programs and are committed to graduate education through the master's degree. Excellent undergraduate education is the primary mission of these universities, which generally offer smaller classes than would be expected at other universities.

Master's institutions are expected to:

- concentrate on providing excellent broad-based undergraduate education;
- establish seamless transfer and facilitate success for Associate of Arts and Associate of Science graduates;
- offer smaller undergraduate class sizes;
- provide excellent developmental education and retention programs;
- provide access to critical and other excellent master's programs;
- provide excellent preparation not only for the workforce, but for professional schools and graduate education;
- have a critical role in the preparation of certified teachers; and
- provide specialized programs recognized for their excellence.

Master's Universities could include:

- Angelo State University
- Midwestern State University
- Sul Ross State University
- Sul Ross University - Rio Grande
- Texas A&M University-Galveston
- Texas A&M University-Texarkana
- The University of Texas at Brownsville
- The University of Texas at Tyler
- The University of Texas of the Permian Basin
- University of Houston-Clear Lake
- University of Houston-Downtown
- University of Houston-Victoria

Accountability Measures

THECB staff and the CPUPC conducted a survey to determine key measures of an accountability system. They agreed on the following principles in developing these measures:

- Measures should maintain focus on *Closing the Gaps*.
- The system should include institutional efficiency measures.
- There should be a small number of key measures.
- The accountability system should be used for improvement.
- There should be different accountability measures for universities, health science centers, Texas State Technical Colleges, and the Lamar State Colleges.

In May, chancellors and presidents completed the survey. THECB reviewed the measures identified by the institutions in May and June and began the process of calculating the measures and identifying information sources. Through this process THECB eventually developed first draft measures for institutional effectiveness and for each of the four goals of *Closing the Gaps* (Participation, Success, Excellence, and Research).

In addition to the key measures, contextual, or explanatory measures were added to provide a better understanding of an institution's performance. Individual institutions are able to add one or two optional contextual measures for each goal. For instance, under the success goal, an institution serving a large part-time student population may indicate how the institution's unique circumstances and campus population may contribute to a lower graduation rate.

THECB's intention is to calculate most measures from existing reports and surveys or obtain the information from the appropriate agency. To improve performance, THECB recommends that the institutional groups meet one or two times per year to review measures, share successful strategies, and to review and set targets.

At THECB's October 28 Quarterly Meeting, the Board adopted the accountability system. The approved system included 23 key measures for universities, 20 for each health-related

institutions, and 17 for the Texas State Technical Colleges and Lamar State Colleges. Appendix B is a chart of the accountability measures adopted by the Coordinating Board for general academic institutions, for health-related institutions, and for the Texas State Technical Colleges and Lamar State College.

Targets

From July to September, institutions met with their groups to finalize the measures and to identify group targets, or benchmarks, to measure success. This was a careful deliberative process among institutions. Following the meetings, representatives returned to their campuses to review the measures and targets with others before reaching final agreement. Targets were set as a percentage increase or decrease for a subset of measures for each group, using the fall of 2004 as the base. Exceptions were made for certain key measures. For instance, the graduation rate targets were set as a percentage point increase. The targets will be measured by groups in the spring prior to each legislative session. Progress will be calculated for each institution annually.

For general academic institutions, targets were set for nine measures. Health science centers had some of the same measures and targets as general academic institutions, but there were also several differences. For example, targets for the percentage of graduates passing licensing exams are included among the key measures for health science centers.

Online Accountability System Format

Data available online for the Accountability System will be much more detailed than the traditional paper report. There will be three tiers of data featured online for public universities (also available for public two-year colleges):

- (1) Statewide measures
- (2) Measures by members of each university system
- (3) Institution measures (specific institution)

Additional features include:

- Most measures will be calculated and loaded into the system by THECB.
- Text boxes provided by each institution as a descriptive opportunity in each section of measures (participation, success, excellence, research and institutional efficiencies & effectiveness).
- Institutions will have the option to add explanatory optional measures to the system in each goal area.
- Trend line data will be available.
- Paper reports will be generated directly from the system for regents, the Legislature, and others.
- Web-based performance and accountability system will be available to the public.
- Reports will be customized to identify a group of institutions and measures for comparison by institution/measures of personal interest.
- Charts and graphs relative to each group for each measure will be included.
- Data sources, calculations, and other definitions will be measured.

Recommendations

1. The Legislature should adopt a statewide accountability system for institutions of higher education to promote transparency and excellence.
2. The Legislature should review and consider incorporating in its statewide accountability system the institutional groupings, performance measures, and benchmarks developed by the Texas Higher Education Coordinating Board (THECB) and the Council of Public University Presidents and Chancellors (CPUPC) in response to the Governor's Executive Order RP 31.
3. The Legislature should review annually the groupings, performance measures, and benchmarks to determine their effectiveness in assisting the state in reaching its goals of *Closing the Gaps by 2015*.
4. The Legislature should evaluate, in consultation with the THECB and the CPUPC, an appropriate mechanism for linking future excellence funding to performance, as measured by the accountability system. The mechanism should take into consideration the various missions and circumstances of institutions. This evaluation should include, but not be limited to, a consideration of restricting an institution's right to deregulate tuition based on performance, as measured by the accountability system.
5. The Legislature should prioritize undergraduate excellence in determining the system's performance measures and benchmarks.

Charge #2F (Joint Finance Charge)

Study and make recommendations evaluating the cost of increasing the number of Tier 1 universities in Texas. Reexamine current and alternative methods of funding regional universities, community colleges, health science centers and their reimbursement for the provision of indigent health care, and universities.

Background

The Senate Subcommittee on Higher Education and the Senate Finance Committee met jointly on June 8 and June 19 to hear testimony regarding Charge #2F. The Subcommittee held an additional hearing on October 18 to reconsider input from the regional universities regarding the creation of higher education enhancement districts as an alternative method of funding higher education.

The June 8 hearing included invited testimony from:

- Deborah Greene, PhD, Assistant Commissioner of Finance, Texas Higher Education Coordinating Board
- David Gardner, PhD, Assistant Commissioner for Planning and Information Resources, Texas Higher Education Coordinating Board
- Jay Gogue, PhD, Chancellor, University of Houston
- Jon Whitmore, PhD, President, Texas Tech University
- Lee Jackson, PhD, Chancellor, University of North Texas System
- Norval Pohl, PhD, President, University of North Texas
- Nancy Dickey, PhD, President, Texas A&M System Health Science Center
- Roy Wilson, President, MD, Texas Tech University Health Sciences Center
- Kern Wildenthal, MD, President, University of Texas Southwestern Medical Center at Dallas
- John David Stobo, MD, President, University of Texas Medical Branch at Galveston
- Priscilla Slade, PhD, President, Texas Southern University
- Ann Stuart, PhD, Chancellor/President, Texas Woman's University
- Jesse Rogers, PhD, President, Midwestern State University
- Tito Guerrero, PhD, President, Stephen F. Austin University

The June 8 hearing included invited testimony from:

- Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board
- Lamar Urbanovsky, Chancellor, Texas State University System
- Jesus Carreon, PhD, Chancellor, Dallas County Community College District
- John Pickelman, PhD, Chancellor, North Harris Montgomery Community College District
- Terence Kelly, PhD, Chancellor, Alamo Community College District
- Cheryl Sparks, PhD, President, Howard College
- Ramon Dovalina, PhD, President, Laredo Community College

The October 18 hearing included invited testimony from:

- Lamar Urbanovsky, Chancellor, Texas State University System
- Steve Collins, Associate Vice President for Governmental Relations and Interim General Counsel, The University of Texas System
- Stanton Calvert, PhD, Vice Chancellor for Government Relations, Texas A&M University System
- James M. McCloy, PhD, Associate Vice President for Research and Academic Affairs, Texas A&M University at Galveston
- Terry Pankratz, Vice President of Business and Administration, Texas A&M University at Commerce
- Steve Crandall, Vice President for Finance and Administration, Texas A&M University at Kingsville
- Roland Smith, PhD, Vice President of Business Affairs, Stephen F. Austin State University
- Josh Warren, Chair, The University of Texas System Student Advisory Council
- Jim Ball, former Vice President, Dr. Pepper, Inc.
- Bill Eastland
- Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board

Tier 1 Universities

During the June 8 hearing Dr. David Gardner, Assistant Commissioner for Planning and Information Resources, Texas Higher Education Coordinating Board (THECB), provided a slide presentation about issues related to "Tier 1" status. To place the issue in a uniquely Texas context, Dr. Gardner referred to *Closing the Gaps* goals 3 and 4:

Goal 3: Excellence--Substantially increase the number of recognized programs or services at colleges and universities in Texas

Goal 4: Research--Increase the level of federal science and engineering research funding to Texas institutions by 50 percent to \$1.3 billion

Tier 1 status is not formally defined, but is intended to reflect excellence at an institution of higher education. Dr. Gardner described how tier 1 status is determined by four entities that confer national recognition on institutions of higher education:

- Association of American Universities
- The Carnegie Foundation for the Advancement of Teaching
- *TheCenter* at the University of Florida
- U.S. News and World Report

Each entity has distinct criteria for recognition, rank, classification, or membership.

Association of American Universities

The Association of American Universities (AAU) confers recognition on its member institutions. Membership is by invitation rather than application and is extended to institutions excelling in the following five areas:

- federally funded research and development expenditures;
- number of doctoral degrees awarded annually;
- faculty membership in the National Academies;
- National Research Council faculty quality ratings; and
- faculty awards and fellowships in the arts and humanities.

The Carnegie Classification

The Carnegie Foundation for the Advancement of Teaching produces a classification⁴⁰ for institutions of higher education intended to provide a framework for describing different types of universities. The classification is being reassessed, and a new framework for evaluating the similarities and differences among universities is expected in 2005. Carnegie previously used the terms *Research I* and *Research II* to classify institutions. *Research I* institutions were characterized by the following:

- having a full range of baccalaureate programs;

⁴⁰ The Carnegie Classification of Institutions of Higher Education, <http://www.carnegiefoundation.org/Classification/index.htm>

- having a commitment to graduate education through the doctoral degree;
- prioritizing research;
- awarding 50 or more doctoral degrees annually; and
- receiving at least \$40 million in annual federal research support.

Research II institutions were characterized by the same priorities: a full range of baccalaureate programs, commitment to graduate education through the doctoral degree, emphasis on research, and 50 or more doctoral degrees awarded annually. *Research II* institutions, however, were distinguished by a lower level of annual federal research support (between \$15.5 million and \$40 million).

As part of the revision process, the terms *doctoral/research-extensive* and *doctoral/research-intensive* have been adopted. *Extensive* and *intensive* programs are characterized by a wide range of baccalaureate programs, and a commitment to graduate education through the doctoral degree. The distinction between the two is based on the number and variety of types of doctoral degrees awarded annually. *Research-extensive* institutions award 50 or more doctoral degrees annually, across at least 15 disciplines. *Research-intensive* programs award at least 10 doctoral degrees across at least 3 disciplines (or 20 doctoral degrees per year).

TheCenter

TheCenter, located at the University of Florida, is a research enterprise focused on the competitive national context for major research universities. *TheCenter's* major research and publication effort falls within the *The Lombardi Program on Measuring University Performance*, which aspires to recognize the top American research universities, based on the following nine criteria:

- Total research expenditures
- Federal research expenditures
- Endowment assets
- Annual giving
- National Academy Membership
- Faculty awards
- Doctorates granted
- Postdoctoral appointees
- SAT scores

*TheCenter's*⁴¹ annual report, *The Top American Research Universities*,⁴² offers analysis and data useful for understanding the performance of American research universities. *TheCenter* classifies universities into groups in accord with nine institutional characteristics. Institutions that have federal research expenditures of at least \$20 million and that fall within the top 25 on at least one of the nine measures fall into *TheCenter's* definition of the top research universities. The *Top*

⁴¹ TheCenter at the University of Florida, <http://thecenter.ufl.edu/>

⁴² John V. Lombardi, Elizabeth D. Capaldi, Kristy R. Reeves, Diane D. Craig, Denise S. Gater, Dominic Rivers (November 2003). *The Top American Research Universities*. An Occasional Paper from The Lombardi Program on Measuring University Performance, <http://thecenter.ufl.edu/research2003.pdf>

American Research Universities annual publication also provides an on-going analytical discussion of topics related to the performance of research universities and provides a comprehensive set of data on over 600 institutions.

U.S. News and World Report

The *U.S. News and World Report* ranking of America's Best Colleges⁴³ is intended to assist students in the selection of a college and is focused on indicators of quality in undergraduate education. However, because the criteria include reputation rankings, faculty resources, and financial resources, these rankings are remarkably similar to those from *TheCenter* at the University of Florida. Also, the AAU member institutions dominate the top 100 in this ranking scheme. The criteria are:

- Peer ranking (reputation)
- Average freshman retention
- Predicted graduation rate
- Actual graduation rate
- Variance from predicted graduation rate
- Faculty resources (salaries)
- Percentage of classes of less than 20 students
- Percentage of classes with 50 or more students
- Student/faculty ratios
- Percentage of full-time faculty
- Selectivity in student admissions
- SAT/ACT score averages
- Freshmen in the top 10 percent of high school class
- Acceptance rate
- Financial resources
- Alumni giving

The Texas Higher Education Coordinating Board developed its own classification system for Texas universities, which Dr. Gardner summarized in his testimony. Research universities, The University of Texas at Austin (UT-Austin) and Texas A&M University (TAMU), are characterized by the following:

- having a comprehensive range of excellent undergraduate and graduate programs;
- awarding 100 or more doctoral degrees annually across at least 15 disciplines;
- placing significant emphasis on research and creative activities; and
- generating at least \$150 million annually in research expenditures.

Emerging Research Universities include:

- Texas Tech University

⁴³ U.S. News and World Report, Best Colleges 2005,
http://www.usnews.com/usnews/edu/college/rankings/rankindex_brief.php

- University of Houston
- University of North Texas
- The University of Texas at Arlington
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas at San Antonio

These institutions are characterized by the following:

- a wide range of baccalaureate and master's programs;
- commitment to graduate education through the doctorate in targeted areas of excellence;
- awarding at least 20 doctoral degrees per year and offering at least 10 doctoral programs and/or at least 150 doctoral students;
- encouraging faculty and students to be active researchers; and
- planning to increase research expenditures (currently at least \$14 million).

Several university presidents and chancellors discussed Tier 1 status from the unique vantage point of their respective universities.

Dr. Jon Whitmore, President, Texas Tech University (TTU), testified that TTU was well positioned to become a Tier 1 research institution. TTU is ranked 104 nationally in research expenditures among public universities. TTU's goal is to move into the top 75 in this category and to move into the top 100 among all public and private institutions. Although Dr. Whitmore did not provide a comprehensive definition of Tier 1, he suggested that a fair indicator of Tier 1 status would be to reach \$100 million in annual research expenditures. He suggested that increasing the number of faculty doing high quality research, which can be achieved with higher research expenditures, is the key to becoming Tier 1. TTU's strategic plan calls for doubling annual research expenditures from \$56 million to over \$100 million. He suggested that achieving this goal will require as many as a dozen years of sustained effort. TTU is focusing its efforts on recognized research clusters such as nanotechnology, life sciences, wind engineering, and water resources. Additionally, TTU's strategic plan includes adding 200 to 250 new faculty and research staff, adding additional research space, and increasing graduate enrollment from 4,600 to 6,000.

Dr. Jay Gogue, Chancellor, University of Houston System (UH), discussed the various designations of excellence used to categorize university excellence. He said that flagships have different parameters that include admissions, alumni involvement, graduation rates, library volumes, and endowment or state revenue per student. Gogue said that in 2000, Carnegie revised its rating system, adopted the term research-extensive, and expanded its top ranking to 150 institutions. Gogue said that UH-System has focused on areas where federal grant money is available. UH research programs have partnered with Houston health institutions and concentrated on advanced materials and computation. Gogue said that UH used state research funds to recruit and retain faculty, provide facilities and instrumentation, attract graduate students, and double its federal research funding to \$88 million over the last four years.

Gogue said that the Governor's veto of research funding led to an increase in tuition and the

cancellation of certain purchases and construction projects. In response, students approved a 65-cent per credit hour fee to retain new faculty. In response to a question from Senator Shapleigh, Gogue said that New Mexico ranked seventh among all states in state funding per full-time equivalent student, while Texas ranks 24th.

Dr. Lee Jackson, Chancellor, University of North Texas (UNT) said that Texas has moved from sixth to third in research funding nationally over the last four years. Jackson said that 80 percent of research funding is in basic science and is unlikely to produce immediate marketable products. He concluded by saying the Dallas area has three institutions, UT-Arlington, UT-Dallas, and UNT, that together receive \$73.4 million in federal research money.

Dr. Norval Pohl, President, UNT, recommended that the Legislature use measures adopted by *TheCenter* that rank universities based on nine categories including total research funds and federal research funds. Pohl said that UNT bought a Texas Instruments building for its new engineering program. That program is expected to increase UNT grant funding. He focused on actions taken by UNT to increase its research grants in three or four disciplines in which the university can specialize and attract exceptional faculty and students.

Members expressed concern that the state cannot evaluate the cost of increasing the number of Tier 1 universities without a clear definition of a Tier 1 university. The testimony at the June 8 hearing did not yield a clear definition of a Tier 1 institution, but provided common characteristics of Tier 1 institutions: high research expenditures and a large number doctoral degrees awarded in various fields.

Table 21 below, provided by Coordinating Board staff at the June 8 hearing, summarizes the doctoral degrees awarded as well as the research and development expenditures at the state's research, emerging research, and doctoral universities.

Table 21

Doctoral/Emerging Research Universities

	2003 Doctoral Degrees	FY 2003 R&D Expenditures
Texas A&M University*	442	\$390,305,058
University of Texas at Austin	668	\$376,403,651
University of Houston	207	\$88,608,021
Texas Tech University	166	\$56,147,235
University of Texas at Dallas	70	\$32,547,141
University of Texas at El Paso	30	\$27,847,152
University of Texas at Arlington	62	\$23,314,938
University of North Texas	157	\$17,587,767
University of Texas at San Antonio	6	\$14,547,732

* Includes the agency services

At the July 19 hearing, Higher Education Commissioner Raymund Paredes urged the Legislature to define Tier 1 broadly and in a way that makes the most sense for the greatest number of institutions in Texas. He suggested that conventional definitions of Tier 1 ignore what Texas needs most: first-rate undergraduate education. The Commissioner stated that Texas has many excellent institutions across the state, but he suggested that Texas has a long way to go based on indicators such as time-to-degree, graduation rates, and the number of students institutions are sending to first-rate graduate programs.

Commissioner Paredes argued that AAU membership was a good indicator of Tier 1 status. Membership is based on reputation, which includes the prestige of the faculty, extramural research funding, and other factors. The Commissioner argued that the quality of the faculty is the most important factor for an institution aspiring to Tier 1 status. Prestigious faculty and prestigious universities are inseparable. Faculty compensation is the key to having prestigious faculty, which includes the following:

- Salary
- Start-up funds
- Research support
- Sabbatical leaves
- Summer supplementary salary
- Housing benefits
- Interest free or low-interest loans and on-campus housing
- Laboratory resources
- Appropriate library facilities
- Competitive graduate student support
- Low teaching loads

The Commissioner stated that it is not enough for UT-Austin and TAMU to rank among the top public institutions in the nation, because Texas also competes with private institutions for faculty. Commissioner Paredes argued that it would be counter-productive for Texas to try to increase the number of Tier 1 institutions at the expense of the excellence that already exists at UT-Austin and TAMU.

Because Commissioner Paredes has 30 years experience in the University of California (UC) System and the UC System has six public institutions that are AAU members, the Commissioner was asked to discuss how Texas might benefit from California's statewide higher education system. California's institutions are divided into three highly organized and segmented tiers.

- First Tier: UC System
- Second Tier: California State University System
- Third Tier: Community College System

The UC System consists of nine campuses that only admit undergraduate students graduating in the top 12.5 percent of their high school classes, according to a statewide criteria for calculating grade point average. Only UC System campuses grant doctoral degrees.

The California State University System includes 24 campuses and is twice as large as the UC System. To be eligible for admission, students must graduate in the top 33.3 percent of their high school classes. The majority of undergraduate education and professional training takes place in this system.

The Community College System includes 113 institutions and has open admission. The UC System is required to fill 35-40 percent of all upper division students with transfers from community colleges. Effective articulation agreements and mandates to community colleges assist in meeting this requirement.

In the 1960s, it was expected that every UC System campus eventually would become a flagship, but state funding declined during the 1970s and 1980s, which made this impossible. The University of California-Berkeley, The University of California-Los Angeles, and The University of California-San Diego are all considered flagships, and comprehensive research institutions.

The other University of California campuses, which are also considered prestigious but not regarded as being comprehensive research universities, have pockets of targeted excellence. For example, the University of California-Irvine has exceptionally strong programs in the biological sciences. The University of California-Riverside has strong programs in environmental science. The University of California-Davis is known for veterinary science and agriculture. The University of California-Santa Cruz is known for its innovative undergraduate programs and the interdisciplinary nature of its graduate programs.

Over 90 percent of the students in California attend institutions that do not offer doctoral degrees, compared with 58 percent of Texas students. The Commissioner argued that a student does not need to attend an institution that offers doctoral degrees to get a first-rate undergraduate education. Citing UC-San Diego as an example, the Commissioner suggested that it would be possible, but extremely costly and difficult, for Texas to rapidly move more universities into conventional Tier 1 status, as defined by research expenditures for instance.

He argued that given Texas' available resources and particular circumstances, it is more sensible to pursue overall undergraduate excellence and targeted graduate excellence. Eighty-nine percent of students in Texas public institutions are undergraduates, which justifies the emphasis on undergraduate excellence from a resource perspective. The Commissioner offered several indicators that may help define undergraduate excellence, which he argued would be important for any Texas definition of Tier 1 institution.

These indicators include:

- Available honors programs
- Smaller classes
- Directed study and research with one on one faculty/student contact
- Programs preparing students for highly selective graduate programs
- Required honors theses

- Upper-division writing components across disciplines
- Shorter time-to-degree
- Graduation rates
- Critical thinking courses across the curriculum

The Commissioner, strongly urged the state to review how graduate programs are developed and extended. He suggested more planning and coordination across systems and among campuses. Further, he suggested that programs should be approved on the basis of targeted graduate excellence, as defined by statewide demonstrated need, institutional interest, and an institution's ability to execute an excellent program.

Methods of Funding Higher Education

Assistant Commissioner Deborah Greene began the June 8 hearing with an overview of higher education funding in Texas. Greene described the sources of funds for all public institutions of higher education, including appropriated and non-appropriated funds.

In Texas, the Legislature makes direct appropriations to institutions of higher education. The Coordinating Board, boards of regents, boards of trustees, and the general public make funding recommendations to the Legislature. Institutions receive funds from a variety of sources. Appropriated general revenue (GR) funds constitute only a part of institutions' overall funding. Some funding does not flow through the appropriation process.

Table 22 below summarizes the variety of sources of funding higher education.

**Table 22
Funding Sources for Higher Education**

Appropriated Funds			Non-Appropriated Funds	
<u>General Revenue</u>	<u>Local Funds</u>	<u>State Endowments</u>	<u>Institutional Funds</u>	
<ul style="list-style-type: none"> ▪ Formula Funds ▪ Special Items ▪ HEAF 	<ul style="list-style-type: none"> ▪ Tuition* ▪ Some Fees* <hr style="width: 50%; margin: 5px auto;"/> <ul style="list-style-type: none"> *For Com. Colleges – non-approp. 	<ul style="list-style-type: none"> ▪ Available University Fund (PUF) ▪ Tobacco Settlement Funds 	<ul style="list-style-type: none"> ▪ Designated Tuition ▪ Research Grants & Overhead Funds ▪ Most Fees ▪ Physician Practice Plans ▪ Gifts & Grants 	<ul style="list-style-type: none"> ▪ Intercollegiate Athletics ▪ Housing ▪ Food Service ▪ Parking ▪ Auxiliary Fees ▪ Community College Tax Rev.

Formula Funding

Institutions receive a portion of their appropriated funds through formulas. The proportion of

state appropriated funding that institutions receive through the formula varies by sector:

- Community colleges – 86.7 percent (General Revenue)
- Universities – 60 percent (All Funds)
- Health-related institutions – 60 percent (General Revenue)

Every two years, formula advisory committees established by the Coordinating Board review formulas and recommend changes to the Commissioner and the Coordinating Board. The Coordinating Board’s recommendations are forwarded to the Legislature for consideration.

Non-Formula Funding

In addition to formula funding, institutions receive non-formula appropriations. Such non-formula appropriations include funding for “Special Items” such as public service efforts, research projects and separate campuses projects that are not funded by formula. Other non-formula appropriations include “Institutional Enhancement” funding to provide general institutional, academic and research support for certain campuses. "Excellence Funding" to assist certain institutions to pursue their unique missions are also included in this category.

Facilities Funding

Facilities also are financed and maintained in different ways, depending on the sector. At community colleges, facilities are the responsibility of the local taxing districts. By statute (Education Code 130.003), state funding for community colleges is “...to supplement local funds for proper support, maintenance, operation, and improvement...” For all other institutions, the state provides funding for facilities in several ways, some of which flow through the formulas. Others, such as tuition revenue bond debt service, are separate non-formula appropriations.

The Higher Education Funds (HEF) and the Permanent University Fund (PUF) are constitutionally dedicated funds. HEF is a specific GR appropriation and allocated to eligible institutions based on statute (Education Code 62.021). For the PUF, the Legislature appropriates funds from the Available University Fund for debt service for eligible institutions and “excellence” at certain institutions as identified in the Texas Constitution.

In recent biennia, tuition revenue bonds (TRB) have emerged as a major source of construction funds. TRBs are guaranteed by tuition revenue, but in practice the Legislature has provided debt service.

Table 23 below illustrates institutions' increased dependence on TRBs for facilities funding over the last six biennia.

Table 23
TRB funding (1991-2003)

72 nd Legislature	1991	\$60 million
73 rd Legislature	1993	\$352 million
75 th Legislature	1997	\$638 million
77 th Legislature	2001	\$1.08 billion
78 th Legislature	2003	\$296 million

Non-Appropriated Funds

A significant portion of funding does not flow through the appropriations act. The proportion that does flow through the appropriations act varies by sector. Community colleges, for instance, collect local property taxes, which are not accounted for in the appropriations bill. Community college tuition and fees are not reflected in the appropriations bill.

Base tuition, the minimum amount set in statute, however, is included in the appropriations bill for universities and health-related institutions. Designated tuition -- the tuition that the Legislature recently gave the institutions flexibility to set -- is not included. Neither are incidental and many other types of fees.

At the health-related institutions, practice plan revenue is not included in the appropriations bill. Patient revenue at state hospitals is included in the appropriations bill. Even within sectors, the proportion of an individual institution's funding that flows through the appropriations bill varies widely.

Non-Appropriated Tuition and Fees

Statutory base tuition and some fees are included in the all funds appropriation. Board-authorized tuition is included in the appropriations bill; however, it does not affect the amount of GR appropriated. Historically the amount of tuition and fee revenue estimated in the appropriations bill reflects the revenue generated from the same enrollment base used to allocate the funding formulas. It does not reflect a projection of enrollment growth in the next biennium. Designated tuition and all other fees are considered institutional funds. Designated tuition, incidental fees, and other statutorily authorized fees are not included in the appropriations bill. These funds may be used for Education and General (E&G) activities or auxiliary purposes, as specified in the enabling legislation. E&G activities are core academic activities that include instruction, research, student services, etc. E&G activities may be supported by funds in and outside of the appropriations bill. Institutions account for E&G fees separately from auxiliary fees.

Designated Tuition

In 1995, the Legislature authorized boards of regents to increase the building/general use fee to the same level as statutory undergraduate tuition (prior to 1995, the maximum fee was \$12/hour). The Legislature re-designated the building/general use fee as tuition in 1997. Designated tuition may be used for both E&G and auxiliary purposes. It is currently reported as fee revenue.

Under tuition deregulation, there is no maximum rate. Prior to HB 3015, the maximum rate was equal to statutory undergraduate tuition rate - \$46/semester credit hour (SCH) for fall 2003. The range for fall 2004 is \$34 per SCH to \$94 per SCH.

Incidental Fees

A variety of fees are charged for many different purposes. The rates for incidental fees vary and must reasonably reflect the actual cost of the material or services for which it is collected. Some are charged to all students; some are charged on a per-usage basis.

Other Fees

Some other fees such as: recreational user fees, medical service fees, and student services fees are not included in the appropriations process. These fees are created in statute for specific purposes. The rate of these fees vary by service and institution.

Other Non-Appropriated Funding Sources

Other non-appropriated sources of revenue include auxiliary enterprise revenues, such as proceeds from athletics, institutional resources; and federal funds. The uses of non-appropriated revenues are often limited by pre-existing obligations.

Higher Education Enhancement Districts

At the October 18 hearing, Chair West and members of the committee, with Senators Barrientos, Brimer, and Zaffirini also in attendance, discussed an alternative method of funding higher education proposed in SB 754 during the 78th Legislative Session.

SB 754 would enable Texas' regional universities and the community served by those universities to provide local funding to supplement endowment and scholarship funds and to enhance the quality of education through the creation of higher education enhancement districts. The proposed bill was not intended to use local tax revenues to replace GR currently appropriated to the regional universities but to supplement GR by giving regional universities an opportunity to convince local voters that an additional revenue source is in the university's interest and the interests of the local community.

Under SB 754, the THECB would establish service territories, similar to those already in use by the community and junior colleges, for each regional university. The president of each regional university would be allowed to petition voters to create a taxing district within the institution's service area. If approved, local voters would have the opportunity to raise their sales or property taxes, or a combination of both, by any amount up to the cap. The bill proposed a cap of \$30 Million per year across the district, 1/2 percent of taxable sales receipts, or the amount that would generate \$60 in taxes for each semester credit hour at the regional university. Finally, the bill states how that money, if approved by the voters, could be used.

The proposed funding mechanism would give regional universities an opportunity to strengthen their relations with voters in the institution's service area. In return, the proposal would give local voters the opportunity to establish some stewardship and a sense of ownership over local universities.

Recommendations

1. The Legislature should direct the Texas Higher Education Coordinating Board to convene a panel of scholars to make recommendations relating to a definition of a Tier 1 institution.
2. To avoid confusion related to the Higher Education Fund and the Higher Education Assistance Fund, the Legislature should adopt new language to distinguish the two. An option would be to continue to refer to the annual appropriation itself as the Higher Education Fund (HEF) and refer to the endowment established by Article VII of the Constitution as the Permanent Higher Education Fund (P-HEF). The Legislature should eliminate reference to the Higher Education Assistance Fund (HEAF).
3. The Legislature should create mechanisms such as public/private partnerships, matching funds programs, etc. to increase the number of flagship institutions in Texas.

Charge #3F (Joint Finance Charge)

Study the budgetary impact of legislation to deregulate tuition at institutions of higher education. This study should include, but not be limited to, a review of recent tuition increases authorized by this Act, their impact on affordability of higher education, and an evaluation of the expenditure of these funds.

Background

In a joint hearing, the Senate Subcommittee on Higher Education and Senate Finance Committee heard invited testimony regarding Charge #3F on July 20. Those testifying included:

- Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board
- David Gardner, PhD, Assistant Commissioner for Planning and Information Resources, Texas Higher Education Coordinating Board
- Benton Cocanougher, PhD, Interim Chancellor, Texas A&M University System
- David Smith, PhD, Chancellor, Texas Tech University System
- Jay Gogue, PhD, Chancellor, University of Houston System
- Teresa Sullivan, PhD, Executive Vice Chancellor for Academic Affairs, The University of Texas System
- Geri Malandra, PhD, Associate Vice Chancellor for Accountability and Institutional Improvement on Accountability, The University of Texas System
- Raymond Coleman, Director, Neighborhood Longhorns, The University of Texas at Austin
- Brian Haley, former President, Student Government, The University of Texas at Austin
- Terry Wilson, Associate Vice President, The University of Texas at Austin
- Leo Sayavedra, Vice Chancellor for Academic & Student Affairs, Texas A&M University System
- Mark Yudof, LLB, Chancellor, The University of Texas System

Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board (THECB), discussed affordability in relation to the goals of *Closing the Gaps* and the deregulation of tuition. Flack presented an overview of increases in designated tuition since the spring 2004 semester, when governing boards were first allowed to set tuition rates. Statewide average tuition and fees increased by 18 percent between fall 2003 and fall 2004. Flack stated that statutory tuition, designated tuition, and fees have been rising since 1985, shifting more of the cost to families. She also noted, however, that nearly \$3 billion in financial aid, mostly loans, is available.

Flack also described factors that influence college choices. She suggested that the apparent total cost of attending college, or "sticker price," often discourages students. Affordability is a key strategy in closing the gaps in participation and success. She outlined the following list of important priorities for policy-makers to consider:

- Achieve the right balance between appropriations, tuition and fees and financial aid.
- Set tuition and fees in a way that closes gaps in participation and success.
- Provide adequate resources for higher education while providing for incentives for academic and administrative efficiencies.
- Provide adequate financial aid, particularly gift aid.
- Ensure that potential students know about the availability of financial aid.

Each chancellor presented information on tuition increases at institutions within their systems. They agreed that tuition flexibility has been useful and explained that most of the revenue from increased tuition has been used to hire new faculty, provide better faculty compensation, and increase scholarships.

Texas Tech University System (TTU-System) Chancellor David Smith argued that tuition deregulation is good for the short-term, but that formula funding is needed to help long-term growth.

University of Texas System (UT-System) Chancellor Mark Yudof emphasized that tuition deregulation has been in place for a short period of time. Therefore, it is too soon to evaluate deregulation's impact on graduation rates and other measures. When asked if he had seen any negative effects of tuition deregulation at UT-System's component institutions, he responded that none of the schools had experienced a decline in enrollment as a result of tuition deregulation. In fact, he mentioned that institutions had seen a substantial increase in enrollment except for UT-Austin. Yudof stated that he thought component institutions were affordable. He mentioned the benefits of the tuition set-aside, noting that UT-Austin has established its set-aside at 28 percent, which is higher than the percentage mandated by HB 3015.

Senator West asked each system to show how they measured the effects of tuition deregulation on access and which groups of students are impacted by tuition deregulation. Chancellor Smith indicated that TTU-System institutions had not experienced a significant impact. Chancellor Gogue stated that the University of Houston System (UH-System) institutions experienced a 6 percent increase in financial aid applications. Chancellor Cocanougher indicated that the financial aid packages made available to low-income students had helped the Texas A&M

University System (TAMU-System) avoid a negative impact.

Senator West asked what impact the 5 percent reduction in appropriations would have on the institutions and how that would affect their use of tuition flexibility. Chancellor Smith stated that TTU-System institutions would attempt to use system fund reserves in lieu of additional tuition increases. Further, the TTU-System would have to consider capping growth to absorb further budget reductions. Chancellor Yudof stated that appropriated funds were only about 20 percent of the UT-System budget. He noted, however, that these funds are critical to institutions because they pay for core instructional costs. Yudof also stated that given the limited resources at the disposal of governing boards, reductions in state appropriations must be made up through spending reserves, reducing services, or raising tuition.

During the hearing, Chancellor Gogue maintained that legislators should consider the growing student population and initiatives that will accomplish the goals of *Closing the Gaps* in making appropriations decisions. Most sources of revenue that support institutions are highly restrictive, according to Gogue. State appropriations and tuition are the only revenue sources that provide institutions with flexibility. Chancellor Cocanougher reminded members that state appropriations are critical, because many institutions can only raise tuition to a limited level without discouraging participation.

Brian Haley, former President, UT-Austin Student Government, provided testimony from a student's perspective. He believed that tuition deregulation was the right short-term solution, but expressed concern about its long-term consequences. He said that UT-Austin students supported the tuition increase because it would provide better faculty resources and financial aid to the most needy students. Moreover, he said that the tuition and financial aid proposals came from students on the advisory committee at the institutions. As an Advisory Committee Member and Student Government President, he spoke to 250 of the 700 campus organizations to educate students about tuition deregulation. Haley said that many students accepted higher tuition as an investment, because the value of the students' degrees will increase over the long-term if the additional money is used to improve the quality and reputation of the institution.

Various options were discussed related to tuition deregulation other than higher tuition, including creative pricing options to improve timely graduation. Options discussed included:

- flat rate tuition (tuition capped at a certain credit hour load);
- tuition discounts for courses at off-peak days/hours;
- tuition discounts for summer school;
- differential tuition for academic colleges or majors;
- cap or freeze future fees; and
- tuition and fee increase hold-harmless for financially needy students through the use of the tuition set-aside.

Budgetary Impact of Tuition Deregulation

Affordability has been a tradition in Texas higher education. Historically, the Legislature prioritized low tuition in order to make education affordable to all residents. Since tuition was a

limited source of revenue, institutions requested increased fees to gain more funding from students. Examining a brief history of the balance between tuition and fees will provide greater understanding of the state's current situation.

According to the Texas Higher Education Coordinating Board⁴⁴, only three fees existed prior to 1969: the laboratory fee, general deposit fee, and the student services fee. In 1969, the building use fee (sometimes referred to as the general use fee) was implemented to provide funding for facilities. The fee could be pledged to meet requirements of revenue bonds.

Prior to 1971, students were assessed a flat tuition payment per semester of \$50 for 12 hours or more. Students taking less than 12 hours were charged a proportionally lower rate, but not less than \$15. In 1971, the flat rate was changed to a per semester credit hour cost; residents paid \$4 per hour with a \$50 required minimum semester charge. Also, new types of student service fees started to appear as institutions asked for fees addressing specific needs that could not be met through the \$150 student services fee. Since that time, over forty of these new student service fees have been authorized by the Legislature.

A special legislative session in 1984 directed the House Higher Education Committee to "develop a plan for a reasonable and equitable increase in tuition at all institutions of higher education" to be adopted by the 69th Legislature (1985). In fall 1985, university tuition was set at \$24 per hour; however, the Legislature did not implement the increase all at once. Beginning in fall 1985, staggered increases were implemented starting with an increase to \$12 per hour (with a minimum charge of \$100).

In 1985, the Legislature also authorized institutions to charge incidental fees. While some of these fees are charged to every student, many of them, such as late fees, graduation fees, and installment fees are charged on a per-usage basis only to those students actually using the service. Incidental fees are accounted for as other designated funds and are not included in the method of financing in the appropriations bill. In accordance with legislation adopted in 1985, university tuition was set at \$16 per hour for academic years 1986-1987, 1987-1988, and 1988-1989. In 1987, the Legislature gave university boards of regents the authority to charge board-authorized tuition, including differential tuition, for graduate programs.

For the 1989-1990 academic year, a biennial \$2 stair-step increase in university tuition began. For 1989-1990 and 1990-1991 tuition was set at \$18 per hour. The goal was to reach the \$24 rate set in 1985 by fall 1995. In 1991, the biennial \$2 stair-step increases were changed to annual stair steps. The statutory undergraduate tuition was set at \$20 per hour for fall 1991 and was to increase \$2 per hour automatically until 1997.

In 1995, additional \$2 stair steps were added to statutory undergraduate tuition at universities. The minimum charge was raised to \$120. Fall 1996 statutory tuition was \$32 per hour. In fall 2000, the last of the \$2 stair steps was implemented bringing undergraduate tuition to \$40 per hour.

⁴⁴ "A Brief History of the Evolution of Tuition and Fees in Texas," Texas Higher Education Coordinating Board, September 1, 2003.

Beginning in fall 1995, a major change was made to the building use fee allowing the funds collected from that fee to be used for any purpose. In addition, the maximum limit of \$12 per semester credit hour was eliminated for the universities. Governing boards were authorized to set the fee at an amount not to exceed the hourly rate set in the statute for undergraduate tuition.

In 1997, the Legislature re-designated the building use fee charged by universities and health-related institutions as tuition (referred to as designated tuition). Universities retained the authority to set the amount, and the purpose of the charge remains the same.

In 1999, the Legislature considered but failed to pass a continuation of the \$2 stair step increases in statutory undergraduate tuition. In 2001, the Legislature passed a continuation of the \$2 stair step increases in statutory undergraduate tuition for 5 years. The new maximum, effective with the 2005-06 academic year, is \$50 per hour.

In 2003, the Legislature deregulated designated tuition and provided flexibility for universities and health-related institutions to charge differential tuition for “each program and course level offered by [the] institution. [Additionally, the institution] may set a different tuition rate . . . as considered appropriate to increase graduation rates, encourage efficient use of facilities, or enhance employee performance.”

Thus, Texas higher education has seen significant changes in charges to students and their families through tuition and fees. These changes have occurred with the ebb and flow of the state's economy. Philosophical differences have also existed in how much of the true cost of education students and their families should pay.

According to data from the College Board, there has been little, if any, real growth in college prices nationally since the 1970s.⁴⁵ However, beginning in the early 1980s, tuition and fees grew much more rapidly than consumer prices. In constant 2004 dollars over the 10-year period ending in 2004-2005, average tuition and fees increased by 51 percent (\$1,725) at public four-year institutions and universities, 36 percent (\$5,321) at private four-year institutions and 26 percent (\$426) at two-year public institutions. These increases are smaller when including charges for room and board, particularly in the public four-year sector where the real increase was 36 percent over the last decade, rather than the 51 percent for tuition and fees.

In recent years, data from the College Board indicate that at public four-year institutions, tuition and fees average \$487 more than last year (\$4,645 in 2003-2004 and \$5,132 in 2004-2005). This represents a 10.5 percent increase. Furthermore, the College Board's report found that the average student at a public four-year institution pays approximately \$1,800 after an estimated \$3,300 in grant aid and tax benefits are considered (based on last year's financial aid levels).

For students at public two-year colleges, tuition and fees nationally averaged \$1,909 in 2003-2004 and increased by 8.7 percent in 2004-2005 to \$2,076. This increase is less than both last year's increase and the increase at four-year public institutions, but still large by historical standards.

⁴⁵ Trends in College Pricing 2004, The College Board, http://www.collegeboard.com/prod_downloads/press/cost04/041264TrendsPricing2004_FINAL.pdf

Recent Increases

Recently, Texas has reflected national trends in tuition pricing. Public four-year institutions in Texas were given the authority to raise designation tuition above the \$46 per semester credit hour beginning in spring 2004. On average, resident undergraduates at a Texas public four-year institutions paid \$1,862.15 for fall 2003 and \$2,188.36 for fall 2004. This represents an increase of 17.5 percent.

Table 24 on the following page lists the total amount of all tuition and mandatory fees for resident undergraduates at Texas public universities since fall 2003.

Table 24
Tuition and Mandatory Fees in Texas Public Four-year Institutions of Higher Education (Fall 2003 - Fall 2004)

Institution	Tuition and Mandatory Fees			Tuition and Mandatory Fees		
	Fall 2003	Spring 2004	% Change	Spring 2004	Fall 2004	% Change
Angelo State University	\$1,753.00	\$1,753.00	0.00%	\$1,753.00	\$1,889.00	7.76%
Lamar University	\$1,707.00	\$1,817.00	6.44%	\$1,817.00	\$1,967.00	8.26%
Midwestern State University	\$1,707.25	\$1,825.25	6.91%	\$1,825.25	\$1,870.25	2.47%
Prairie View A&M University	\$1,796.00	\$1,796.00	0.00%	\$1,796.00	\$2,101.00	16.98%
Sam Houston State University	\$1,826.00	\$1,931.00	5.75%	\$1,931.00	\$2,130.00	10.31%
Stephen F. Austin State University	\$1,716.50	\$1,871.50	9.03%	\$1,871.50	\$2,149.00	14.83%
Sul Ross State University	\$1,701.00	\$1,761.00	3.53%	\$1,761.00	\$1,935.00	9.88%
Tarleton State University	\$1,742.30	\$1,742.30	0.00%	\$1,742.30	\$1,907.30	9.47%
Texas A&M International University	\$1,650.50	\$1,710.50	3.64%	\$1,710.50	\$1,906.50	11.46%
Texas A&M University	\$2,449.82	\$2,584.82	5.51%	\$2,584.82	\$2,973.75	15.05%
Texas A&M University - Commerce	\$1,812.00	\$1,812.00	0.00%	\$1,812.00	\$1,917.00	5.79%
Texas A&M University - Corpus Christi	\$1,921.50	\$1,921.50	0.00%	\$1,921.50	\$2,144.50	11.61%
Texas A&M University - Galveston	\$1,847.95	\$1,982.95	7.31%	\$1,982.95	\$2,340.45	18.03%
Texas A&M University - Kingsville	\$1,923.00	\$1,923.00	0.00%	\$1,923.00	\$2,043.00	6.24%
Texas A&M University - Texarkana	\$1,431.00	\$1,431.00	0.00%	\$1,431.00	\$1,461.00	2.10%
Texas Southern University	\$1,981.00	\$1,981.00	0.00%	\$1,981.00	\$2,208.00	11.46%
Texas State University - San Marcos	\$2,008.00	\$2,158.00	7.47%	\$2,158.00	\$2,340.00	8.43%
Texas Tech University	\$2,372.50	\$2,522.50	6.32%	\$2,522.50	\$2,924.00	15.92%
Texas Woman's University	\$1,817.91	\$2,042.91	12.38%	\$2,042.91	\$2,084.63	2.04%
The University of Texas - Pan American	\$1,491.75	\$1,491.75	0.00%	\$1,491.75	\$1,576.00	5.65%
The University of Texas at Arlington	\$2,211.70	\$2,361.70	6.78%	\$2,361.70	\$2,650.20	12.22%
The University of Texas at Austin	\$2,093.80	\$2,455.80	17.29%	\$2,455.80	\$2,867.26	16.75%
The University of Texas at Brownsville	\$1,471.56	\$1,471.56	0.00%	\$1,471.56	\$1,726.56	17.33%
The University of Texas at Dallas	\$2,521.40	\$2,821.40	11.90%	\$2,821.40	\$3,181.40	12.76%
The University of Texas at El Paso	\$1,797.00	\$2,067.00	15.03%	\$2,067.00	\$2,324.00	12.43%
The University of Texas at San Antonio	\$2,029.30	\$2,254.30	11.09%	\$2,254.30	\$2,636.20	16.94%
The University of Texas at Tyler	\$1,751.00	\$1,841.00	5.14%	\$1,841.00	\$2,021.00	9.78%
The University of Texas of the Permian Basin	\$1,728.50	\$1,803.50	4.34%	\$1,803.50	\$1,938.50	7.49%
University of Houston	\$1,974.00	\$2,259.00	14.44%	\$2,259.00	\$2,486.50	10.07%
University of Houston - Clear Lake	\$1,750.00	\$1,915.00	9.43%	\$1,915.00	\$2,142.00	11.85%
University of Houston - Downtown	\$1,582.00	\$1,657.00	4.74%	\$1,657.00	\$1,937.00	16.90%
University of Houston - Victoria	\$1,852.00	\$2,002.00	8.10%	\$2,002.00	\$2,070.00	3.40%
University of North Texas	\$2,207.05	\$2,424.05	9.83%	\$2,424.05	\$2,780.65	14.71%
West Texas A&M University	\$1,687.69	\$1,687.69	0.00%	\$1,687.69	\$1,775.50	5.20%
STATEWIDE AVERAGE	\$1,862.15	\$1,972.94	5.66%	\$1,972.94	\$2,188.36	10.63%

Expenditure of funds

In years past, mandatory fees have been the primary charge used by institutions to raise revenue since governing boards did not have the authority to raise tuition. However, institutions were able to raise the amount of designated tuition over \$46 per semester credit hour beginning in spring 2004. Therefore, with the new authority to set tuition prices, institutions have not had to rely on mandatory fees to the same extent as in the past. From fall 2003 to spring 2004, only six institutions increased mandatory fees for an average increase of 1.93 percent. From spring 2004 to fall 2004, the average increase was 7.32 percent.

Table 25 illustrates the amount of mandatory fees charged by institutions between fall 2003 and fall 2004.

Table 25
Mandated Fees for Texas Public Four-year Institutions of Higher Education (Fall 2003 - Fall 2004)

Institution	Mandatory Fees			Mandatory Fees		
	Fall 2003	Spring 2004	% Change	Spring 2004	Fall 2004	% Change
Angelo State University	\$463.00	\$463.00	0.00%	\$463.00	\$509.00	9.94%
Lamar University	\$417.00	\$467.00	11.99%	\$467.00	\$527.00	12.85%
Midwestern State University	\$432.25	\$460.25	6.48%	\$460.25	\$475.25	3.26%
Prairie View A&M University	\$566.00	\$566.00	0.00%	\$566.00	\$691.00	22.08%
Sam Houston State University	\$551.00	\$551.00	0.00%	\$551.00	\$615.00	11.62%
Stephen F. Austin State University	\$411.50	\$491.50	19.44%	\$491.50	\$469.00	-4.58%
Sul Ross State University	\$561.00	\$561.00	0.00%	\$561.00	\$645.00	14.97%
Tarleton State University	\$407.30	\$407.30	0.00%	\$407.30	\$407.30	0.00%
Texas A&M International University	\$435.50	\$495.50	13.78%	\$495.50	\$496.50	0.20%
Texas A&M University	\$1,069.82	\$1,069.82	0.00%	\$1,069.82	\$1,136.25	6.21%
Texas A&M University - Commerce	\$477.00	\$477.00	0.00%	\$477.00	\$477.00	0.00%
Texas A&M University - Corpus Christi	\$541.50	\$541.50	0.00%	\$541.50	\$556.50	2.77%
Texas A&M University - Galveston	\$467.95	\$467.95	0.00%	\$467.95	\$502.95	7.48%
Texas A&M University - Kingsville	\$633.00	\$633.00	0.00%	\$633.00	\$633.00	0.00%
Texas A&M University - Texarkana	\$231.00	\$231.00	0.00%	\$231.00	\$231.00	0.00%
Texas Southern University	\$601.00	\$601.00	0.00%	\$601.00	\$498.00	-17.14%
Texas State University - San Marcos	\$628.00	\$628.00	0.00%	\$628.00	\$705.00	12.26%
Texas Tech University	\$992.50	\$992.50	0.00%	\$992.50	\$1,064.00	7.20%
Texas Woman's University	\$437.91	\$437.91	0.00%	\$437.91	\$449.63	2.68%
The University of Texas - Pan American	\$321.75	\$321.75	0.00%	\$321.75	\$324.00	0.70%
The University of Texas at Arlington	\$831.70	\$831.70	0.00%	\$831.70	\$835.20	0.42%
The University of Texas at Austin	\$713.80	\$715.80	0.28%	\$715.80	\$737.26	3.00%
The University of Texas at Brownsville	\$301.56	\$301.56	0.00%	\$301.56	\$436.56	44.77%
The University of Texas at Dallas	\$1,141.40	\$1,141.40	0.00%	\$1,141.40	\$1,141.40	0.00%
The University of Texas at El Paso	\$417.00	\$417.00	0.00%	\$417.00	\$434.00	4.08%
The University of Texas at San Antonio	\$649.30	\$649.30	0.00%	\$649.30	\$776.20	19.54%
The University of Texas at Tyler	\$371.00	\$371.00	0.00%	\$371.00	\$371.00	0.00%
The University of Texas of the Permian Basin	\$438.50	\$438.50	0.00%	\$438.50	\$438.50	0.00%
University of Houston	\$594.00	\$594.00	0.00%	\$594.00	\$641.50	8.00%
University of Houston - Clear Lake	\$370.00	\$370.00	0.00%	\$370.00	\$477.00	28.92%
University of Houston - Downtown	\$277.00	\$277.00	0.00%	\$277.00	\$347.00	25.27%
University of Houston - Victoria	\$472.00	\$472.00	0.00%	\$472.00	\$510.00	8.05%
University of North Texas	\$827.05	\$939.05	13.54%	\$939.05	\$935.65	-0.36%
West Texas A&M University	\$390.19	\$390.19	0.00%	\$390.19	\$448.00	14.82%
STATEWIDE AVERAGE	\$542.37	\$552.13	1.93%	\$552.13	\$586.52	7.32%

Between fall 2003 and spring 2004, 21 institutions increased the amount of designated tuition charged to students. This resulted in a statewide average increase of 14.94 percent. Between spring 2004 and fall 2004, 29 institutions increased the amount of designated tuition charged to students, increasing the statewide average by 19.97 percent. From this increase, institutions were mandated to set-aside 15 percent of the designated tuition increase to be used for students from low-income families. An additional five percent was set-aside for the B-On-Time loan program. Some institutions set aside more than the required amount. Texas A&M University set aside 44 percent; The University of Texas at Austin set aside 28 percent. Thus, these increases were mitigated somewhat by the mandated tuition set-aside.

Table 26 illustrates changes in the designated tuition rates from fall 2003 to fall 2004.

Table 26
Designated Tuition for Texas Public Four-year Institutions of Higher Education (Fall 2003 - Fall 2004)

Institution	Designated Tuition					Designated Tuition				
	Fall 2003	Rate/SCH Fall 2003	Spring 2004	Rate/SCH Spring 2004	% Change	Spring 2004	Rate/SCH Spring 2004	Fall 2004	Rate/SCH Fall 2004	% Change
Angelo State University	\$600.00	\$40	\$600.00	\$40	0.00%	\$600.00	\$40	\$660.00	\$44	10.00%
Lamar University	\$600.00	\$40	\$660.00	\$44	10.00%	\$660.00	\$44	\$720.00	\$48	9.09%
Midwestern State University	\$585.00	\$39	\$675.00	\$45	15.38%	\$675.00	\$45	\$675.00	\$45	0.00%
Prairie View A&M University	\$540.00	\$36	\$540.00	\$36	0.00%	\$540.00	\$36	\$690.00	\$46	27.78%
Sam Houston State University	\$585.00	\$39	\$690.00	\$46	17.95%	\$690.00	\$46	\$795.00	\$53	15.22%
Stephen F. Austin State University	\$615.00	\$41	\$690.00	\$46	12.20%	\$690.00	\$46	\$960.00	\$64	39.13%
Sul Ross State University	\$450.00	\$30	\$510.00	\$34	0.00%	\$510.00	\$34	\$570.00	\$38	11.76%
Tarleton State University	\$645.00	\$43	\$645.00	\$43	0.00%	\$645.00	\$43	\$780.00	\$52	20.93%
Texas A&M International University	\$525.00	\$35	\$525.00	\$35	0.00%	\$525.00	\$35	\$690.00	\$46	31.43%
Texas A&M University	\$690.00	\$46	\$825.00	\$55	19.57%	\$825.00	\$55	\$1,117.50	\$74.50	35.45%
Texas A&M University-Commerce	\$645.00	\$43	\$645.00	\$43	0.00%	\$645.00	\$43	\$720.00	\$48	11.63%
Texas A&M University-Corpus Christi	\$690.00	\$46	\$690.00	\$46	0.00%	\$690.00	\$46	\$868.00	\$57.87	25.80%
Texas A&M University-Galveston	\$690.00	\$46	\$825.00	\$55	19.57%	\$825.00	\$55	\$1,117.50	\$74.50	35.45%
Texas A&M University-Kingsville	\$600.00	\$40	\$600.00	\$40	0.00%	\$600.00	\$40	\$690.00	\$46	15.00%
Texas A&M University-Texarkana	\$510.00	\$34	\$510.00	\$34	0.00%	\$510.00	\$34	\$510.00	\$34	0.00%
Texas Southern University	\$690.00	\$46	\$690.00	\$46	0.00%	\$690.00	\$46	\$990.00	\$66	43.48%
Texas State University-San Marcos	\$690.00	\$46	\$840.00	\$56	21.74%	\$840.00	\$56	\$915.00	\$61	8.93%
Texas Tech University	\$690.00	\$46	\$840.00	\$56	21.74%	\$840.00	\$56	\$1,140.00	\$76	35.71%
Texas Woman's University	\$690.00	\$46	\$915.00	\$61	32.61%	\$915.00	\$61	\$915.00	\$61	0.00%
The University of Texas-Pan American *	\$480.00	\$32	\$480.00	\$32	0.00%	\$480.00	\$32	\$532.00	\$38.00	10.83%
The University of Texas at Arlington	\$690.00	\$46	\$840.00	\$56	21.74%	\$840.00	\$56	\$1,095.00	\$73	30.36%
The University of Texas at Austin **	\$690.00	\$46	\$1,050.00	\$70	52.17%	\$1,050.00	\$70	\$1,410.00	\$94	34.29%
The University of Texas at Brownsville	\$480.00	\$32	\$480.00	\$32	0.00%	\$480.00	\$32	\$570.00	\$38	18.75%
The University of Texas at Dallas	\$690.00	\$46	\$990.00	\$66	43.48%	\$990.00	\$66	\$1,320.00	\$88	33.33%
The University of Texas at El Paso	\$690.00	\$46	\$960.00	\$64	39.13%	\$960.00	\$64	\$1,170.00	\$78	21.88%
The University of Texas at San Antonio	\$649.30	\$43	\$915.00	\$61	40.92%	\$915.00	\$61	\$1,140.00	\$76	24.59%
The University of Texas at Tyler	\$690.00	\$46	\$780.00	\$52	13.04%	\$780.00	\$52	\$930.00	\$62	19.23%

The University of Texas of the Permian Basin	\$600.00	\$40	\$675.00	\$45	12.50%	\$675.00	\$45	\$780.00	\$52	15.56%
University of Houston	\$690.00	\$46	\$975.00	\$65	41.30%	\$975.00	\$65	\$1,125.00	\$75	15.38%
University of Houston-Clear Lake	\$690.00	\$46	\$855.00	\$57	23.91%	\$855.00	\$57	\$945.00	\$63	10.53%
University of Houston-Downtown	\$615.00	\$41	\$690.00	\$46	12.20%	\$690.00	\$46	\$870.00	\$58	26.09%
University of Houston-Victoria	\$690.00	\$46	\$840.00	\$56	21.74%	\$840.00	\$56	\$840.00	\$56	0.00%
University of North Texas	\$690.00	\$46	\$795.00	\$53	15.22%	\$795.00	\$53	\$1,125.00	\$75	41.51%
West Texas A&M University	\$607.50	\$40.50	\$607.50	\$40.50	0.00%	\$607.50	\$40.50	\$607.50	\$40.50	0.00%
STATEWIDE AVERAGE	\$628.58		\$730.81		14.94%	\$730.81		\$881.84		19.97%

* Tuition is \$38/SCH with a 14 SCH cap.

** For Spring 04 actual charge is \$46/SCH plus a flat amount for \$360 for students taking 12 SCHs or more. This translates to an additional \$24/SCH ($\$46 + \$24 = \70 SCH)

For Fall 04, actual charge is \$46 SCH plus a flat amount of \$720 for students taking 12 SCHs or more. This translates to an additional \$48/SCH ($\$46 + \$48 = \94 SCH)

Overall, institutions used the additional revenue from designated tuition in many of the same ways. All institutions raising designated tuition beyond \$46 per semester credit hour were required to set aside 20 percent for financial aid purposes as explained earlier. In addition, many institutions set aside even more of the new revenue for other financial aid programs available on the individual campuses. Other prevalent uses were for faculty and staff salaries as well as employee insurance benefits. Infrastructure needs for repairs, renovation, building operation and maintenance were also common funding needs among the institutions.

Table 27 on the following page shows how each institution planned on spending their increased revenue from designated tuition charges over \$46 per semester credit hour.

Table 27
Uses of Additional Revenue from Designated Tuition for Texas Public Four-year Institutions of Higher Education (Spring 2004 - Fall 2004)

TEXAS PUBLIC UNIVERSITIES

**PROJECTED USE OF
DESIGNATED TUITION INCREASE ABOVE \$46 PER SCH**

FALL 2004

Institution	Spring 2004	Rate/SCH Spring 2004	Fall 2004	Rate/SCH Fall 2004	Percentage Change	Additional Revenue from Designated Tuition > \$46 *	Tuition Percentage Increase **	Planned Use ***
Angelo State University	\$600.00	\$40	\$660.00	\$44	10.00%			N/A (Designated Tuition less than \$46.)
Lamar University	\$660.00	\$44	\$720.00	\$48	9.09%			N/A (Designated Tuition at \$46.)
Midwestern State University	\$675.00	\$45	\$675.00	\$45	0.00%			N/A (Designated Tuition less than \$46.)
Prairie View A&M University	\$540.00	\$36	\$690.00	\$46	27.78%			N/A (Designated Tuition at \$46.)
Sam Houston State University	\$690.00	\$46	\$795.00	\$53	15.22%	\$1,839,780	5%	15% Undergraduate set-aside and 5% B-On-Time 12 New Faculty New Scholarships Employees Insurance Benefits Total
Stephen F. Austin State University	\$690.00	\$46	\$960.00	\$64	39.13%	\$5,694,000	17%	15% Undergraduate set-aside and 5% B-On-Time Other Student Aid Offset Revenue Reductions Faculty-Staff Salary Increases Insurance Marketing Utilities Total
Sul Ross State University	\$510.00	\$34	\$570.00	\$38	11.76%			N/A (Designated Tuition less than \$46.)
Tarleton State University	\$645.00	\$43	\$780.00	\$52	20.93%	\$917,777	4%	15% Undergraduate set-aside and 5% B-On-Time; New Faculty Positions; Salary Increases; Increases in Departmental Operating Budgets
Texas A&M International University	\$525.00	\$35	\$690.00	\$46	31.43%			N/A (Designated Tuition at \$46.)
Texas A&M University	\$625.00	\$40	\$717.50	\$45	15.52%	\$30,475,000	3.4%	15% Undergraduate set-aside and 5% B-On-Time Faculty Reimbursement Faculty and Staff Salary Programs Revolutions for new faculty Partially funded education; undergraduate/graduate financial aid, recruitment, and retention programs, and other assistance programs Library Total
Texas A&M University - Commerce	\$645.00	\$43	\$720.00	\$48	11.63%	\$365,272	1.4%	15% Undergraduate set-aside and 5% B-On-Time Equipment funding for new programs Total
Texas A&M University - Corpus Christi	\$690.00	\$46	\$865.00	\$52	25.50%	\$2,993,200	15%	15% Undergraduate set-aside and 5% B-On-Time Salary Increases New Faculty Positions Equipment Total
Texas A&M University - Galveston	\$625.00	\$39	\$717.50	\$45	25.15%	\$1,245,500	2.8%	15% Undergraduate set-aside and 5% B-On-Time Merit Increases Faculty Hires Summer School Users Equipment Faculty Start-up Science Building Total
Texas A&M University - Kingsville	\$500.00	\$32	\$690.00	\$46	45.00%			N/A (Designated Tuition at \$46.)
Texas A&M University - Tyler	\$610.00	\$38	\$718.00	\$45	8.03%			N/A (Designated Tuition less than \$46.)
Texas Southern University	\$690.00	\$46	\$990.00	\$66	43.48%	\$6,128,880	10%	15% Undergraduate set-aside and 5% B-On-Time; New Faculty Positions; Regular Dept. Support; Student Funding; Operating Expenses

TEXAS PUBLIC UNIVERSITIES

PROJECTED USE OF
DESIGNATED TUITION INCREASE ABOVE \$46 PER SCH

FALL 2004

Institution	Spring 2004	Rate/SCH Spring 2004	Fall 2004	Rate/SCH Fall 2004	Percentage Change	Additional Revenue from Designated Tuition > \$46 *	Tuition Percentage Increase **	Planned Use ***
Texas State University - San Marcos	\$840.00	\$56	\$915.00	\$61	8.93%	\$9,675,000	14%	15% Undergraduate set-aside and 5% B-On-Time, Group Insurance Premiums; Tuition Revenue Bond Debt Service; Merit and Equity Increases; New Faculty positions; Graduate Student Insurance; Special Item Support
Texas Tech University	\$840.00	\$56	\$1,140.00	\$76	35.71%	\$22,630,000	29%	Faculty and Staff Retention and Merit Increases 8,200,000 New Faculty Positions 3,590,000 Fringe 1,520,000 Financial Aid 6,250,000 Academic Enhancement 1,320,000 Lab Equipment 880,000 Student Services 870,000 Total \$22,630,000
Texas Woman's University	\$915.00	\$61	\$915.00	\$61	0.00%	\$2,250,000	14%	15% Undergraduate set-aside and 5% B-On-Time, and to cover reduction in state appropriations.
The University of Texas - Pan American	\$480.00	\$32	\$532.00	\$35.47	10.83%			N/A (Designated Tuition less than \$46.)
The University of Texas at Arlington	\$840.00	\$56	\$1,095.00	\$73	30.36%	\$17,597,708	26%	15% Undergraduate set-aside and 5% B-On-Time, Graduate Student Financial Aid; 50 New Faculty Positions and Associated Costs; Merit Increases; Increase in Debt Reserves
The University of Texas at Austin (see note below)	\$1,050.00	\$70	\$1,410.00	\$94	34.29%	\$70,180,672	36%	Tuition Grants 17,100,000 B-On-Time 2,600,000 Maintenance, Repair and Renovation 16,090,000 Faculty and Staff Salary Increases 25,890,000 Hire 20 additional Faculty Members 2,300,000 Faculty and Program Start-up Funding 6,600,000 Total \$70,268,000
The University of Texas at Brownsville	\$480.00	\$32	\$570.00	\$39	10.75%			N/A (Designated Tuition less than \$46.)
The University of Texas at Dallas	\$930.00	\$65	\$1,320.00	\$88	33.33%	\$13,465,074	42%	15% Undergraduate set-aside and 5% B-On-Time New Faculty Positions 2,325,000 Merit Increase 2,015,000 Teaching/Research Assistants 3,875,000 Building Operation and Maintenance 2,410,000 Remissions and Exemptions 128,554 Texas Tomorrow Program 123,960 Total \$13,465,024
The University of Texas at El Paso	\$960.00	\$64	\$1,170.00	\$78	21.66%	\$13,760,000	31%	15% Undergraduate set-aside and 5% B-On-Time Student Employment Opportunity Fund 2,225,379 Faculty and Staff Recruitment and Merit Increases 500,000 Student Success and Retention 8,375,000 Research 360,000 Building Operation and Maintenance 465,257 Reserves 295,000 Continuing Costs 74,818 Total \$13,760,000
The University of Texas at San Antonio	\$915.00	\$61	\$1,140.00	\$76	24.69%	\$16,423,000	29%	Financial Aid for B-On-Time, Workstudy and TEXAS Grants and Scholarships 3,700,000 Depreciation Plus Programs 1,890,000 New Faculty Positions 5,890,000 payments 4,200,000 Department Support, Technology and Research Infrastructure 4,100,000

TEXAS PUBLIC UNIVERSITIES

PROJECTED USE OF
DESIGNATED TUITION INCREASE ABOVE \$46 PER SCH

FALL 2004

Institution	Spring 2004 Rate/SCH Spring 2004	Fall 2004 Rate/SCH Fall 2004	Percentage Change	Additional Revenue from Designated Tuition > \$46 *	Tuition Percentage Increase **	Planned Use ***
						Total
						\$19,400,000
The University of Texas at Tyler	\$780.00	\$52	\$930.00	\$62	19.23%	\$2,553,512 15% 15% Undergraduate set-aside and 5% B-On-Time; 10 New Faculty Positions; 10 New Teaching Assistants; Expanded Library, Computer Lab Hours
The University of Texas of the Permian Basin	\$675.00	\$45	\$780.00	\$52	15.56%	\$634,500 4% 15% Undergraduate set-aside and 5% B-On-Time plus additional 5%; Program Growth; Increase in Student Services; Expanded Academic Advising
University of Houston	\$975.00	\$65	\$1,125.00	\$75	15.38%	\$22,839,169 28% 15% Undergraduate set-aside and 5% B-On-Time 4,097,307 Other Financial Aid 4,274,137 Faculty and Staff Recruitment and Merit Increases 11,224,493 Property Insurance 2,491,937 Administrative Support 401,460 Student Services 349,835 Total \$22,839,169
University of Houston - Clear Lake	\$855.00	\$57	\$945.00	\$63	10.53%	\$553,884 16% Cover budget shortfalls and provide for university priorities
University of Houston - Downtown	\$690.00	\$46	\$870.00	\$58	26.09%	\$3,074,872 10% 15% Undergraduate set-aside and 5% B-On-Time 615,000 Faculty Recruitment and Retention 1,500,000 Merit Increases 960,000 Total \$3,075,000
University of Houston - Victoria	\$840.00	\$56	\$840.00	\$56	0.00%	\$454,000 8% Increase Course Offerings; Support University Operations
University of North Texas	\$795.00	\$59	\$1,125.00	\$75	21.51%	\$10,660,000 22% 15% Undergraduate and 5% B-On-Time \$2,120,000 Faculty and Staff Increases \$1,041,440 Other Financial Aid 617,588 Student Faculty Insurance 349,910 Increased Offerings 777,060 Total \$10,660,000
West Texas A&M University	\$607.50	\$46.50	\$607.50	\$46.50	0.00%	N/A (Designated Tuition less than \$46)
				Grand Total		\$463,630,650 \$62,706,150.0

* Includes incremental revenue from the increase in designated tuition as well as projected.

** Represents the change in tuition rates now being charged compared to the maximum amount that could have been charged if tuition deregulation legislation had not been passed. Calculated by subtracting designated tuition threshold in statute (\$46) from designated tuition charged and dividing by 59%. (The maximum that could be charged if designated tuition was not increased above the \$46 threshold is \$92.47: \$46 for designated tuition and \$46 for state aid tuition).

*** May not include specific dollar amounts because budgets were not final at the time of the survey. Slight differences in totals are due to rounding.

Note: The response from The University of Texas at Austin to the Coordinating Board indicates two categories of designated tuition: "Base Designated Tuition" at \$46/SCH and "Incremental Designated Tuition" which the institution refers to as "Academic Sustainability Tuition" (AST). This is a flat fee charge to students taking at least 12 semester credit hours (SCH). It is proposed for students taking fewer than 12 SCH. The per semester credit hour amount shown for this designated tuition in this chart is an approximation calculated by CB staff. According to the institution, the \$70.2 million represents gross AST revenue for Fall 2004-05. Of this, \$54.2 million is the incremental increase over Spring 2004 for amounts over \$46/SCH (instead of \$46/SCH).

Impact on Affordability of Higher Education

Because institutions have only had the authority to set tuition since the spring 2004 semester, the Legislature does not have sufficient data to conduct a complete analysis of the impact of tuition deregulation on the affordability of higher education. Factual statements can be made regarding those institutions that have changed their general tuition pricing strategies, but this does not answer questions regarding the full impact on students. Financial aid variables, including the required tuition set-aside, should be examined in conjunction with the cost of education to determine if the variation in tuition charges is facilitating or inhibiting the mandates of *Closing the Gaps*.

Furthermore, since each Texas public institution of higher education is unique, studying the impact on an individual institution is a challenge. The dynamic missions of each institution does not allow for a "one size fits all" method of evaluation. One way of examining the issue is to compare the total cost of education with the financial aid available to students. The THECB has charted this information for each institution (see Appendix B). However, at the time printing, financial aid amounts could not be certified for the fall 2004 semester; therefore, this information must be updated in future semesters.

Other data are being collected that will facilitate a more adequate assessment of tuition deregulation. HB 3015 (78th Texas Legislative Session) mandated that institutions provide data to the THECB no later than November 1 of each year, which include factors that ultimately assist in determining the impact of tuition deregulation. At the time of printing, this information was not yet available. However, as outlined in the bill, the following information will be provided:

- statistical information on the percentage of gross family income required to pay college costs;
- criteria used by institutions to admit students and to award financial assistance;
- the regions of this state in which students reside;
- the race or ethnicity of students;
- the gender of students;
- the level of education achieved by the parents of students; and
- comparisons of the institution with peer institutions in this state and in other states with respect to affordability and access.

Other measures can be examined to better assess the impact of tuition deregulation. Evaluating the amount and uses of the tuition set-asides will reveal whether or not the specified percentage is sufficient in offsetting increased tuition costs. Tracking the progress of low-income students who were enrolled in programs such as the school lunch program in high school will provide a more accurate understanding of the effects on students from low-income families. Following the amount of loan indebtedness will show whether or not students are taking on a greater debt burden. In studying this variable, distinctions should be made between those loans which may be forgiven as opposed to those which will be paid back.

Three related variables can be studied in conjunction to better formulate an assessment of tuition deregulation: retention and graduation rates, and the amount of time it takes a student to complete their degree. If costs are such that students are prevented from continuing their studies,

all three of these variables will indicate that difficulty. Likewise, these variables will indicate whether or not institutional efforts to creatively package tuition are successfully accomplishing the goals of *Closing the Gaps*.

The variables listed in this section cannot be studied in isolation. This will not tell the full story of tuition deregulation. Rather, variables need to be examined in a matrix, which will show the relation of all the variables to each other in order to fully assess the impact of tuition deregulation.

Recommendations

1. The Legislature should establish a sliding scale for the financial aid set-aside required by HB 3015. As universities increase tuition under tuition deregulation, the set-aside should increase accordingly.

Appendix A: Funding Graduate Medical Education in Texas

Funding Graduate Medical Education In Texas

This document is
also available on our web site:
www.thecb.state.tx.us

August 23, 2004

Division of Finance, Campus Planning, and Research
Texas Higher Education Coordinating Board

Texas Higher Education Coordinating Board

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Coordinating Board Mission

The Texas Higher Education Coordinating Board's mission is to work with the Legislature, Governor, governing boards, higher education institutions and other entities to provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.

THECB Strategic Plan

Coordinating Board Philosophy

The Texas Higher Education Coordinating Board will promote access to quality higher education across the state with the conviction that access without quality is mediocrity and that quality without access is unacceptable. The Board will be open, ethical, responsive, and committed to public service. The Board will approach its work with a sense of purpose and responsibility to the people of Texas and is committed to the best use of public monies. The Coordinating Board will engage in actions that add value to Texas and to higher education; the agency will avoid efforts that do not add value or that are duplicated by other entities.

THECB Strategic Plan

Acknowledgements

Coordinating Board staff wishes to thank members of the four Graduate Medical Education (GME) Working Groups, the Texas Association of Public Nonprofit Hospitals, the Texas Medical Association, and others who contributed to the preparation and submission of the cost and revenue reports for their help on this project. We also thank members of the Health-Related Institutions Formula Advisory Committee for their discussion of the issues and recommendations, and all of those individuals who reviewed and commented on the report drafts. Their assistance has allowed the state to move this far in efforts to answer critical GME funding questions.

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Executive Summary

Graduate medical education (GME), or residency training, is the post-doctor of medicine (MD) or -doctor of osteopathic medicine (DO) training, which lasts at least three to five years following the completion of the degree. In some highly specialized areas of medicine, additional years of training may be required, with some medical subspecialties requiring as many as eight additional years of training prior to practice. GME beyond the initial three to five years is generally referred to as subspecialty training. These GME programs also vary in length of training, with a range of one to three additional years of training beyond the initial residency training. One year of post-graduate training is required for domestic medical graduates to obtain state licensure. Additionally, completion of a residency program is a requirement for hospital admitting privileges and participation in provider panels.

GME is a partnership between medical schools and teaching hospitals to train resident physicians. For the most part, medical school faculties educate medical residents. Teaching hospitals and clinics provide the clinical training setting and patient care opportunities, while the medical school faculty physicians teach and supervise the resident physicians.

Excluding military and Veterans Affairs programs, there are 5,902 resident physicians in Texas training in 468 accredited graduate medical education (GME) programs. It is likely that many of these resident physicians will join the ranks of the 39,872 licensed physicians currently practicing in Texas.¹ These practicing and resident physicians, together with 656 resident physicians training in Texas military and Veterans Affairs hospitals, provide health care to Texas' 22,016,911 people.^{2, 3}

Texas ranks 40th nationally in the number of physicians per 100,000 civilian population and faces serious challenges in attracting physicians to locate and practice in rural, remote, and urban underserved areas.⁴ With Texas' population increasing at both age ends of the population spectrum, the ratio of 158 direct patient care physicians per 100,000 population ratio will likely not improve unless policy changes are implemented to encourage expansion of the Texas physician workforce and foster greater distribution of physicians across the state. The state's predicted population increases and aging population will require more physicians – and more specialized physicians – to care for our elder citizens.

With 25 percent of Texas total population uninsured and 22 percent of its children uninsured, Texas has the highest number of uninsured individuals in the country.⁵ The majority of uninsured Texans receive health care through the state's network of locally tax-funded and privately funded teaching hospitals and clinics. Uninsured Texans play an important role in graduate medical education; they are one of the groups of patients that residents care for and treat, while honing their medical skills and expertise. Graduate medical education is just one piece, albeit an important piece, of the complex health-care delivery system. While ensuring the viability of the safety-net hospitals and clinics in Texas is important to the future of Texas, solving all of the problems associated with ensuring that viability is beyond the scope of this

¹ Texas State Board of Medical Examiners, May 2004 on-line at tsbme.state.tx.us.

² Accreditation Council on Graduate Medical Education, Sponsored Programs, May 2004, on-line at acgme.org.

³ Texas State Demographer's Office, January 1, 2003, estimate.

⁴ Texas Department of Health, State Health Data, Direct Patient Care Providers, September, 2003 on-line at tdh.state.tx.us.

⁵ Kaiser Family Foundation, State Facts Online 2002, May 2004, on-line at kaiserfoundation.org.

report. However, this report will provide guidance on strengthening the delivery of graduate medical education, which should help shore up the health-care delivery system.

The medical school/hospital partnerships responsible for training many of the next generation of Texas physicians are stressed financially. The joint effort of training resident physicians while providing essential health-care services to low-income and Medicaid beneficiaries is in serious financial trouble. The challenges faced by the medical school/hospital partnerships may be so overwhelming that both parties must consider and evaluate whether they can afford to retain GME programs or if GME programs must be closed. Closure of GME programs has the immediate effect of reduced safety-net health-care services for the indigent and increases the likelihood that physicians who obtain their medical degrees in Texas will leave the state for residency training. Financial stresses, including many federal barriers that exist under the Medicare program, also make it difficult to expand existing capacity at programs or start new residency programs.

The GME survey of revenues and expenditures described in this study calculates a statewide expenditure of \$925.6 million for GME, supported by \$261.7 million of revenues from Texas' eight medical schools and \$664 million from surveyed Texas teaching hospitals (reflecting 86 percent of all residents). This figure underreports the total statewide expenditure because not every hospital providing GME was surveyed. Of the total, \$510.3 million was not dedicated specifically to graduate medical education. Pragmatically, to avoid operating at a loss, the medical schools and the teaching hospitals and clinics shift funds – mainly, clinical practice plan funds for the medical schools and patient care revenues, local hospital district taxes, cash reserves, and Disproportionate Share payments for the teaching hospitals. These revenue sources are not provided for the educational expenditures associated with graduate medical education; however, they are used by the entities to cover the costs of providing GME. Many of the partners – medical schools, residency programs, and teaching hospitals and affiliated clinics – question whether historical levels of support for GME can be maintained, especially if financial circumstances do not improve. When the sources listed above are not used for GME, they are used for research and other educational activities at the medical schools and for supporting indigent health care at the hospitals.

These totals do not reflect the increasing pressure on revenues due to more stringent accreditation and compliance requirements (such as the 80-hour-duty cap) and large reductions in sources of traditional GME revenue, specifically decreases in Medicare reimbursement rates and reductions to the state's Medicaid program. Texas medical schools and teaching hospitals cannot continue for long periods in an environment of rapidly increasing expenditures and declining revenues.

Recommendations

The working group concluded that three categories of funding recommendations would do the most to help shore up the graduate medical education system in Texas and to alleviate some of the financial burden faced by Texas teaching hospitals and medical schools. None of these recommendations should be implemented at the expense of undergraduate medical education in Texas. In addition to the state funding recommendations, the working group also recommended that the state should continue to work to enhance federal funding for GME.

1. Restore GME funding to Fiscal Years 2002-2003 levels and provide additional state funds for Medicaid matching. To accomplish this recommendation, an estimated \$45 million in additional state funds would be required per year. Of these funds, \$32 million would be used to draw down an estimated \$48 million in federal matching support.

a. *Permanently restore state Medicaid GME support to teaching hospitals.*
(Restore funds in Article II to 2002-2003 biennium levels)

Funds: \$60 million annually (\$24 million in state general revenue and \$36 million in federal matching dollars)

b. *Provide additional state Medicaid GME support for teaching hospitals.*
(Amount for the growth that would have been funded in the 2004-2005 biennium)

Estimated amount: \$20 million annually (\$8 million in state general revenue and \$12 million in federal matching dollars)

c. *Restore General Revenue funds trustee to the Coordinating Board for primary care residency support.*
(Restore funds in Article III to 2002-2003 biennium levels)

Funds: \$13 million annually in state general revenue

2. Adopt formula allocations for faculty costs and resident support. To accomplish this recommendation, an estimated \$202.03 million in additional state general revenue would be required annually.

a. *State funds should be provided to support the teaching costs related to GME.*

Estimated funds: \$88.5 million [general revenue (\$15,000 X 5,902 residents)]

b. *State funds should be provided for resident support for the number of resident physicians in the state that exceeds the Federal cap.*

Estimated funds: \$113.53 million [general revenue (\$50,000 X 2,270.57 residents)]

3. Provide funding for 300 additional residency positions to encourage residency programs, especially those in shortage specialties, to increase capacity to help generate the physician workforce of the 21st century. Seventy-five positions would be added each year, staggered over a four-year period. Initial funding for the 2006-2007 biennium would be \$14.625 million.

4. *The Governor and the Legislature should actively collaborate with all stakeholders to seek relief from the federal Centers for Medicare and Medicaid (CMS) to:*

- (1) eliminate the current caps on funded Medicare resident training slots and cost per resident for Medicaid graduate medical education reimbursement purposes; and
- (2) work for increased and geographically equitable Medicare graduate medical education funding.

Background

Physicians generally begin residency training or graduate medical education in July following graduation from medical school in May. These recent medical graduates are placed into residency programs through a national matching process that occurs in March, prior to May graduation. Through participation in the National Resident Matching Program (NRMP), graduating physicians from accredited U.S. medical schools and qualifying international medical graduates submit their preferences for both the medical specialty area and geographic location of their future residency training. Additionally, each residency program submits a rank-ordered list of preferred residents. Residency program lists generally include only those applicants who have been selected to interview with their program. The NRMP is a matching service and provides the mechanism for matching applicants to residency programs according to preferences expressed by both parties on their individualized rank order lists.⁶ For example, a resident who wishes to pursue pediatrics in Texas would submit a preference list of pediatrics residency programs and the various pediatrics residency programs would also submit a rank ordered list, which might include that applicant. Both lists (the applicants and residency programs) are then compared against each other, incorporating a computerized matching algorithm program. On Match Day, the physician finds out where he or she is officially “matched” and the residency programs find out who will fill their available positions. The physician is then contractually obligated to train in the residency program in which he or she matched.

Typically, the residency programs that fill all available positions on Match Day are viewed as more competitive. However, residency programs that do not fill all their positions may enter into a process to fill available vacancies. The number of residency positions nationally exceeds the number of applicants; therefore some residency programs will have positions that remain unfilled.

The financing of residency programs is complex, with multiple federal, state, and local funding streams combining to support the day-to-day operations of residency programs. Federal dollars that support residency training flow to hospitals that house residency programs primarily through the Medicare program. Under the Medicare program, American taxpayers contribute an estimated \$70,000 annually for the training of every resident physician. However, there are wide variations between the per-resident amounts that states (and residency programs) receive under Medicare. For example, Texas receives far lower Medicare payments for GME than states in the Northeast (New York, New Jersey) and California.

Federal Medicare funds support residency training through two funding streams: Direct Graduate Medical Education (DGME) and Indirect Medical Education (IME) payments. Medicare DGME payments are linked to the residents’ compensation and other direct expenses, while the larger portion of funds is provided for IME, which partially supports the additional hospital costs incurred from attracting sicker patients and performing more tests and procedures in a learning environment than in non-teaching hospitals. These two payments are above the federal funding for physician and hospital services for inpatient clinical care services provided in hospitals that operate and maintain residency programs. Medicare funding for residency programs is tied to medical procedures and in-hospital days primarily for elderly patient populations.

⁶ National Residency Matching Program, About the NRMP on-line at nrmp.org.

Similar to Medicare, many states support graduate medical education payments to hospitals with residency programs based on the provision of Medicaid services. Medicaid funding for residency programs is tied to medical procedures and in-hospital days primarily for low-income patient populations.

While the teaching hospitals provide the patient care opportunities for graduate medical education, the teaching portion of the residency programs is generally directed by medical school faculty or through a consortia arrangement of local practicing physicians who serve as faculty for specific residency programs. National accreditation for the various residency programs is granted through the Accreditation Council on Graduate Medical Education (ACGME) for allopathic medical residencies, while the Bureau of Professions of the American Osteopathic Medicine (BPAOM) accredits residencies for osteopathic medical residents. "Sponsorship" of a residency program is a term related to national accreditation and reflects who maintains and set the residency programs' curricula. Residency programs are required to seek and maintain accreditation so their residents may qualify for state licensure and specialty board certification.

Residency program sponsors may include medical schools, hospitals, or local foundations. The majority of residency training, however, is accomplished through the provision of patient care services primarily in a hospital setting, although residency training may occur in a clinic setting as well.

Medicare Resident Caps

Medicare has different resident limits for counting residents in its indirect medical education (IME) adjustment and for reimbursement for a teaching hospital's direct graduate medical education (DGME) costs. Generally, a hospital's IME adjustment depends on a hospital's teaching intensity as measured by the ratio of the number of interns and residents per bed. Prior to the federal Balanced Budget Act of 1997, the number of residents that could be counted for IME purposes included only those in the hospital inpatient and outpatient departments. Effective October 1, 1997, under certain circumstances a hospital could count residents in non-hospital sites for the purposes of IME. Medicare DGME payment to a teaching hospital is based on its updated cost per resident (subject to a locality adjustment and certain payment corridors), the weighted number of approved full-time-equivalent (FTE) residents, and Medicare's share of inpatient days in the hospital. Medicare counts residents in their initial residency period (the lesser of the minimum number of years required for board eligibility in the physician's specialty or five years) as 1.0 FTE. Residents whose training has extended beyond their initial residency period count as 0.5 FTE. Residents in certain specialties are allowed additional years in their initial residency period.

Generally, the resident counts for both IME and DGME payments are based on the number of residents in approved allopathic and osteopathic teaching programs that were reported by the hospital for the cost-reporting period ending in calendar year 1996. The DGME resident limit is based on the unweighted resident counts. It may differ from the IME limit because in 1996 residents training in non-hospital sites were eligible for DGME payments, but not for IME payments. Hospitals that established new training programs before August 5, 1997 are partially exempt from the cap. Other exceptions apply to certain hospitals including those with new programs established after that date. Hospitals in rural areas (and non-rural hospitals operating training programs in rural areas) may be paid for 130 percent of the number of residents allowed by their cap. Under certain conditions, an affiliated group of hospitals under a specific

arrangement may combine their resident limits into an aggregate limit. Subject to these resident limits, a teaching hospital's IME and DGME payments are based on a three-year rolling average of resident counts. The resident physician count is based on the average of the resident count in the current year and the two preceding years.⁷

Graduate Medical Education Funding

Historically, Texas supports graduate medical education through three ways: Medicaid payments to teaching hospitals, general revenue funds trusteeed to the Texas Higher Education Coordinating Board, and special item funding to three medical schools and one teaching hospital. Prior to 1997, Medicaid GME was included in the costs that were utilized in the Diagnostic Related Group (DRG) (inpatient) payments and outpatient payments for hospitals. In the 1997 legislative session, the GME component of the payment was carved out from the DRG payments, to be paid separately to the teaching hospitals. In 2003, the 78th Legislature eliminated the DRG payments from Medicaid funding for the 2004-2005 biennium. However, recent efforts by the Governor's Office may provide funds for the hospitals in FY 2005. The elimination of the DRG payments eliminated the federal match (\$36 million). Efforts are underway to secure unclaimed lottery proceeds and match these state funds to secure the federal match for FY 2005.

Trusteed funds to the Coordinating Board have been limited to support primary care residency training programs in family practice, internal medicine, obstetrics/gynecology, and pediatrics. However, during the 2003 legislative session, funding for the Coordinating Board's trusteeed programs for the 2004-2005 biennium were reduced by 53 percent (\$24.3 million). GME financing in Texas is facing a crisis.

Special item funding for GME appropriated to the three medical schools and one teaching hospital totaled \$9.2 million during the 2002-2003 biennium. These funds were reduced by \$1.15 million (12.5 percent) during the 2004-2005 biennium.

Efforts have been made to understand the impact of GME and the various GME funding streams during the past several legislative sessions. During the 1999 session, the Legislature considered providing direct formula funding support to the medical schools, but declined to do so because it was not clear what the appropriate level of funding should be. An interim study by the Senate Finance Committee resulted in a recommendation that a study should be undertaken to determine how much GME costs and what revenues were available to support it.

The 77th Legislature in 2001 directed the Coordinating Board in its 2002-2003 biennial appropriations (see Appendix A - Section 43, 77th Legislature, Regular Session, General Appropriations Act, 2001) to convene a task force of representatives from each state-appropriated health science center and hospital, and hospital and health-care facility with graduate medical education (GME) programs, to review revenue sources and funding streams that support GME in Texas. The task force was charged to develop recommendations on funding priorities to preserve the long-term viability of GME in Texas by improving the patient care services provided by these programs to Texans. The Coordinating Board was to provide its recommendations to the 78th Texas Legislature. Several obstacles, including lack of funds to hire an independent consultant to collect and analyze data and a class action lawsuit against the National Residency Match Program, prevented the Coordinating Board from fulfilling this mandate. The sponsors of the rider granted the Board permission not to complete it.

⁷ Committee Reports for the 108th Congress on-line at congress.gov.

Although no similar rider was included in the Coordinating Board's 2004-2005 biennial appropriations, the Board continued to pursue the study on a smaller scale – specifically, the study methodology was limited in scope to a snapshot of one year's worth of data collected by survey of the participating medical schools and teaching hospitals. No outside accounting firm was used to collect the data. Three working groups were established: the GME Program Working Group, Medical School GME Finance Working Group, and Hospital GME Finance Working Group.

The GME Program Working Group (see Appendix B for a list of members) was comprised of the associate deans for graduate medical education at the eight Texas medical schools. This group identified common program elements required for accredited GME programs. The work of the GME Program Working group established the definitional framework for the study.

The Medical School GME Finance Working Group (see Appendix C for a list of members) was comprised of the comptroller, vice president for finance, and/or associate medical deans for finance at the eight Texas medical schools. Fiscal officers representing many of the primary teaching hospitals comprised the Hospital GME Finance Working Group (see Appendix D for a list of members). The two Finance Working Groups addressed the revenues and expenditures of their GME programs and completed surveys to provide aggregated statewide data for analysis.

The Health-Related Institutions Formula Advisory Committee (see Appendix E for a list of members) discussed the draft report at their June 1, 2004 meeting.

In the meantime, two legislative committees were given interim charges to examine graduate medical education in Texas (see Appendix I for the charges to the interim committees). Committee members expressed interest in the results of this study and possible recommendations that might result from the evaluation of funding sources. Consequently, the decision was made to convene a broader-based working group to evaluate the results of the survey of expenditures and revenues and to formulate recommendations that address funding issues for both the medical schools and the teaching hospitals (see Appendix F for a list of the Expanded GME Working Group members).

Study Methodology

From March through July 2004, Coordinating Board staff collected FY 2003 graduate medical education revenue and expenditure data from Texas' eight medical schools and 25 of the 59 teaching hospitals in the state.^{8, 9} Copies of the two data collection instruments are provided in Appendix G.

Medical school participation resulted in capturing revenue data covering 86 percent (5,092) of the resident physicians training in the state. Teaching hospital participation resulted in capturing data covering 42 percent of the state's teaching hospitals.¹⁰ However, these teaching hospitals train a majority of the state's 5,902 physician residents. Approximately 70 percent of the state's physician residents train in residency programs located at the 25 surveyed teaching hospitals (see Appendix H for a list of residency programs by medical school or independent residency program).

For the analysis contained in this report, the total numbers of residents that the medical schools and teaching hospitals are required to support are used. However, state Medicaid and federal Medicare funding caps have been imposed, which limit reimbursements for services provided. The total number of residents training in Texas was found to be 5,902, but the statewide cap is limited to 3,631.43 for Medicare-funding purposes.¹¹ Teaching hospitals and medical schools are thus required to support the difference of 2,270.57 residents.

Survey data from two of the state's health-related institutions, The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Center at Tyler, were included in the teaching hospital survey. This better reflects the nature of these two institutions, as they do not operate a medical school program. These two institutions, along with the locally independent residencies account for 17 percent of the total residents in training annually. The University of Texas M.D. Anderson Cancer Center (Houston) reported 87 residents in training in 14 programs, while The University of Texas Health Center at Tyler reported 23 residents training in two programs. Locally independent residency programs train an additional 700 residents in 52 programs at 19 sites (hospitals/clinics) located across the state. The total number of residents in training in FY 2003-2004 is estimated at 5,902 residents in all Texas civilian (i.e., non-military, non-federal Department of Veterans Affairs) programs. The independent residency programs are sponsored by local foundations or hospitals, rather than medical schools.

For the purpose of this report, all of the results are presented as statewide aggregated totals; no attempt is made to compare revenues and expenses between programs. Because not all of the hospitals operating residency programs were surveyed, the revenues and expenditures are somewhat underreported. However, it is believed that the proportion shown in each category of revenues and expenditures is representative.

⁸ Data are from FY 2003. Medical schools all use the state fiscal year. However, teaching hospitals use various fiscal year ending dates.

⁹ The total number of teaching hospitals is defined by the Texas Association of Public Nonprofit Hospitals as an inpatient facility in the state of Texas that received Medicaid GME funding.

¹⁰ Teaching hospitals included in the survey had associations or partnerships with one of the eight Texas medical schools. Independent teaching hospitals were not included.

¹¹ Total number of Medicare funded residency positions based on 2001 Medicare Cost Reports, Centers for Medicare and Medicaid Services.

Limitations of the Study

As with any study, there are important limitations.

1. The report data reflect a snapshot in time. No data have been collected on the changes that have occurred over time in either the expenditures associated with providing graduate medical education or the available revenues. Also, the study did not seek to show how the various pieces of the funding pie have changed in relation to each other – the increase or decrease in the share of the revenue pie represented by “other” sources of funds, for example. So, it does not demonstrate any shift from using dedicated GME revenues to using more non-GME dedicated revenues.
2. Aggregating the data tends to mask the differences between individual medical schools or hospitals. For example, in some programs the medical school pays and employs the resident physicians, and in other programs the teaching hospital pays and employs the resident. This means that the financial relationship between an individual medical school and an individual teaching hospital varies. Because these data show both parts of the GME partnership, there will be overlap – an expenditure by a hospital may show up as revenue for a medical school. In addition, nuances related to specific partnership relationships are not shown. Per-resident funding will vary for reasons that do not reflect varying levels of efficiency. Consequently, while these data are used in this report to show a statewide figure, they might provide an inaccurate picture of “efficiency” if used on an individual program basis.
3. While every effort was made to define the terms unambiguously, there are categories for which the data will not be uniform. For example, “Non-GME Revenue” may vary among institutions and hospitals because they use different revenue sources to make up the difference between dedicated GME funds and non-dedicated GME funds.
4. The study did not evaluate the issue of increasing capacity. It is a reflection of the state of funding for currently delivered graduate medical education in Texas.
5. The study used self-reported data. No third party consultant was used to verify the data. However, efforts were made to use data provided in federally required reports. In addition, the working groups reviewed the data for anomalies.
6. While only 42 percent (25 of 59) of the teaching hospitals completed the survey, they provide the majority of graduate medical education in Texas and represent nearly 70 percent of the residents. Although the total funding picture is underreported in this study, it is the belief of the Expanded Working Group and Coordinating Board staff that adding the survey results for the additional hospitals would not substantially change the proportional relationships among either the expenditure or revenue categories.
7. Because the latest available data are for Fiscal Year 2003, the reductions in funding for the current biennium are not reflected in the figures.

Following is a discussion of the survey results (See Appendix J for complete survey results).

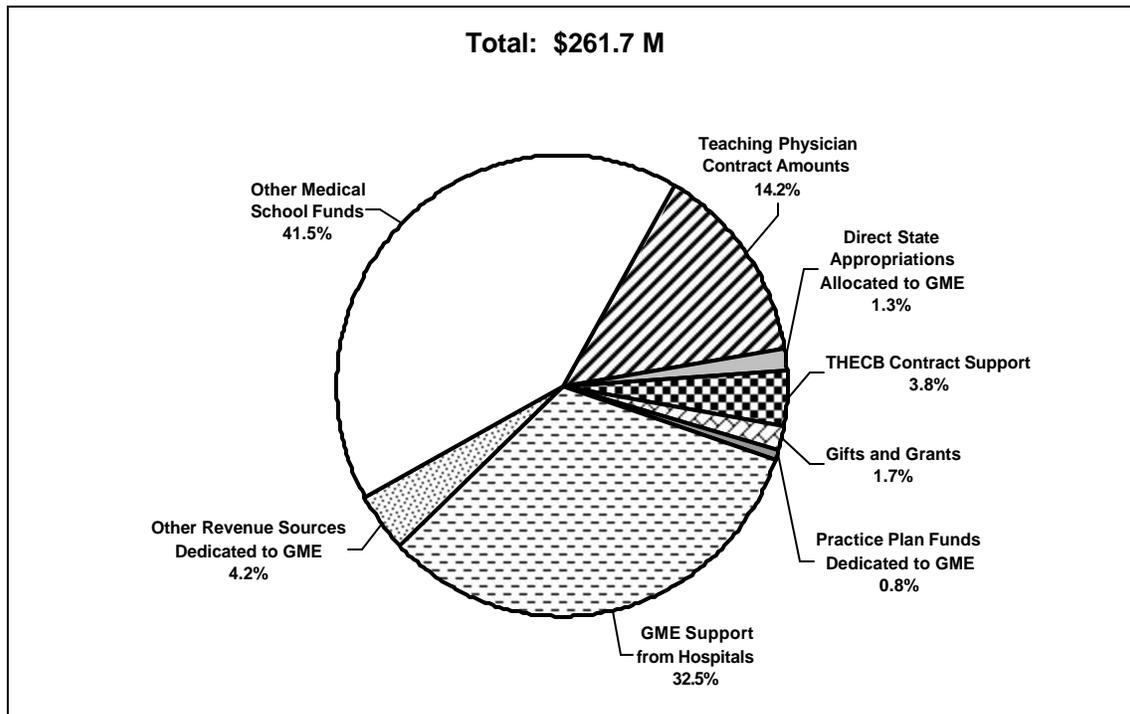
Study Results

Medical Schools

A. Graduate Medical Education (GME) Revenues

GME annual revenues reported from the eight Texas medical schools for FY 2003 totaled \$261.7 million. For the purpose of this study, revenues were divided into eight source categories.

Figure 1. FY 2003 Medical Schools GME Revenues



- 32.5 percent of GME revenues (\$85 million) were provided to the medical schools as “GME Support from Hospitals.” This reflects the partnership relationships between many of the medical schools and affiliated teaching hospitals; these institutions view their roles in GME as a shared responsibility. Revenue coded in this category reflects contracts between teaching hospitals and medical schools to provide direct support for teaching physicians and payment of resident physicians. This allows some medical schools to employ residents. Medical schools that employ residents include Baylor College of Medicine (Houston), Texas Tech University Health Sciences Center School of Medicine (Lubbock), and The University of Texas Houston Health Science Center School of Medicine.
- 14.2 percent of GME revenues (\$37.1 million) were “Teaching Physician Contract Amounts,” another form of direct payment from the teaching hospitals to the medical schools. Revenue coded in this category reflects contracts between teaching hospitals and medical schools that do not provide direct support for teaching physicians with that for resident physicians. Three medical schools reporting in this category are The

University of Texas Houston Health Science Center Medical School, Texas A&M University System Health Science Center College of Medicine (College Station/Temple) and Texas Tech University Health Sciences Center School of Medicine (Lubbock). Texas Tech appears in both categories as a reflection of its relationship with several teaching hospitals. Texas Tech sponsors residency programs in Amarillo, El Paso, and Odessa in addition to its Lubbock location and maintains separate contractual arrangements with each of its affiliated teaching hospitals.

- 4.2 percent of GME revenues (\$11 million) were accounted for as “Other Revenue Sources Dedicated to GME.” These revenues included funds from endowment and foundation proceeds, institutional reserves, and practice plan revenues not originally used to support GME. Historically, these funds have not been used to support GME.
- 3.8 percent of GME revenues (\$9.9 million) were from “THECB Contract Support for GME.” Collectively, these revenues were payments from five programs administered by the Coordinating Board’s Division of Universities and Health-Related Institutions. Funds from the Family Practice Residency Program, the Primary Care Residency Program, the Family Practice Residency Pilot Project, the Resident Physician Compensation Program, and the Graduate Medical Education Programs were trustee’d to and distributed by the Coordinating Board to all eight medical schools that participated in the study, as well as to independent family practice residency training programs (some not involved in the study). Funds from the Resident Physician Compensation Program were distributed through the medical schools to their affiliated teaching hospitals. The THECB Contract Support for GME was reduced by 53 percent in state general revenue for the 2004-2005 appropriation.
- 1.7 percent of GME revenues (\$4.4 million) were “Gifts and Grants.”
- 1.3 percent of GME revenues (\$3.5 million) were “Direct State Appropriations Allocated to GME.” These revenues include Special Item funds for The University of Texas Southwestern Medical Center at Dallas Medical School, The University of Texas Health Science Center at San Antonio and Texas Tech University Health Sciences Center specifically for residency training programs in Lubbock, Midland, and El Paso. (Special Item funds for The University of Texas Health Center at Tyler are included under the teaching hospital section of this report.)
- 0.8 percent of GME revenues (\$2.3 million) were “Practice Plan Funds Dedicated to GME.” Two medical schools reporting in this category were Texas Tech University Health Sciences Center School of Medicine and The University of Texas Southwestern Medical Center at Dallas Medical School.
- 41.5 percent of revenues (\$108.6 million) were “Other Medical School Funds” not dedicated to GME function, but needed to support GME costs. These revenues include practice plan funds (79 percent) and other funds (21 percent), such as endowments, foundations, and reserves.

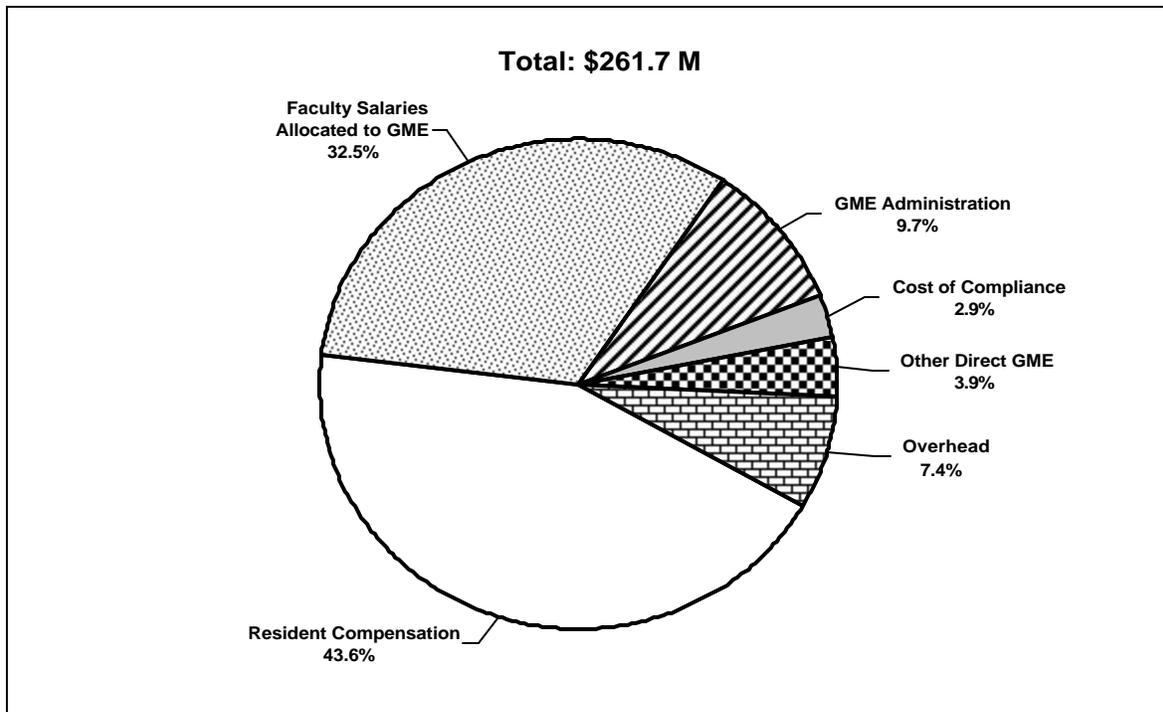
In FY 2003, the eight medical schools participating in the study were training 5,092 resident physicians, or 86 percent of the physician residents in Texas that year. The average revenue per resident for the medical schools was calculated at \$51,388, of which \$30,066 is covered by

GME-dedicated revenues and \$21,322 is covered by other non-GME-dedicated medical school funds.

B. Graduate Medical Education (GME) Expenses

GME annual expenses reported from the eight Texas medical schools for FY 2003 totaled \$261.7 million. For the purpose of this study, expenses were divided into six expenditure categories.

Figure 2. FY 2003 Medical Schools GME Expenses



- 43.6 percent of GME expenses (\$114 million) were reported as “Resident Compensation.” This category includes salaries, benefits, and stipends paid to residents.
- 32.5 percent of GME expenses (\$85 million) were reported as “Faculty Salaries Allocated to GME.”
- 9.7 percent of GME expenses (\$25.5 million) were reported as “GME Administration.” This category includes the salaries and wages of the administrative staff who support the teaching faculty.
- 7.4 percent of GME expenses (\$19.5 million) were reported as “Overhead (not included elsewhere)”. This category includes both departmental and institutional overhead based on an allocation methodology consistent with the institution's application of overhead in its grants and contracts agreements.

- 3.9 percent of GME expenses (\$10.2 million) were reported as “Other Direct GME.” This category includes such expenses as liability insurance and travel expense associated with recruitment.
- 2.9 percent of GME expenses (\$7.5 million) were reported as “Cost of Compliance.” This category includes various accreditation costs incurred by medical schools for their residency programs and some liability insurance expense.

C. Expense Less GME-Dedicated Revenue

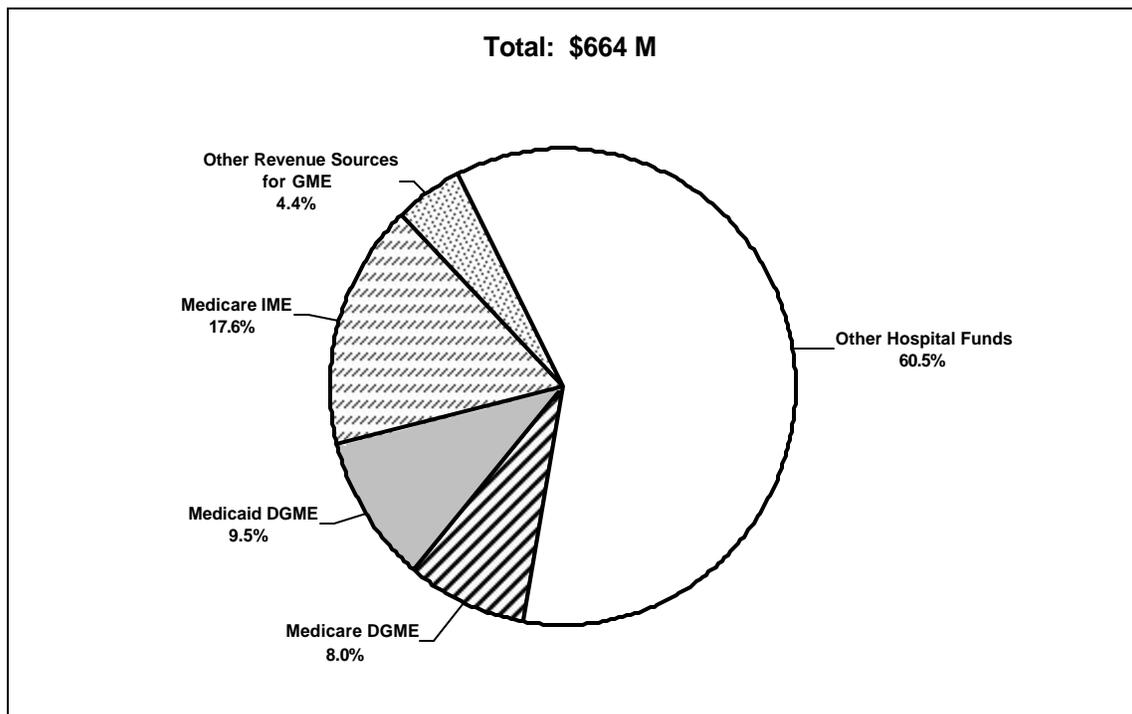
The average per-resident expense for the medical schools in Texas was \$51,388 in FY 2003. Revenues dedicated to GME (i.e., \$153.1 million) covered 58.5 percent of the total expense for GME; medical schools covered 41.5 percent of GME expenses – an additional \$108.6 million – by non-GME-dedicated sources that could have been used for other educational and research activities. Support for this gap in funding was provided from two sources: “Practice Plan Funds Not Dedicated to GME” financed \$85.3 million and “Other Funds Not Dedicated to GME” provided \$23.3 million of GME expenses.

Teaching Hospitals

A. Graduate Medical Education (GME) Revenues

GME annual revenues reported from the 25 teaching hospitals participating in the survey totaled \$664 million in FY 2003. For the purpose of this study, the teaching hospitals were instructed to provide four specific line item entries on GME revenue sources from their Medicare cost reports.

Figure 3. FY 2003 Teaching Hospitals GME Revenues



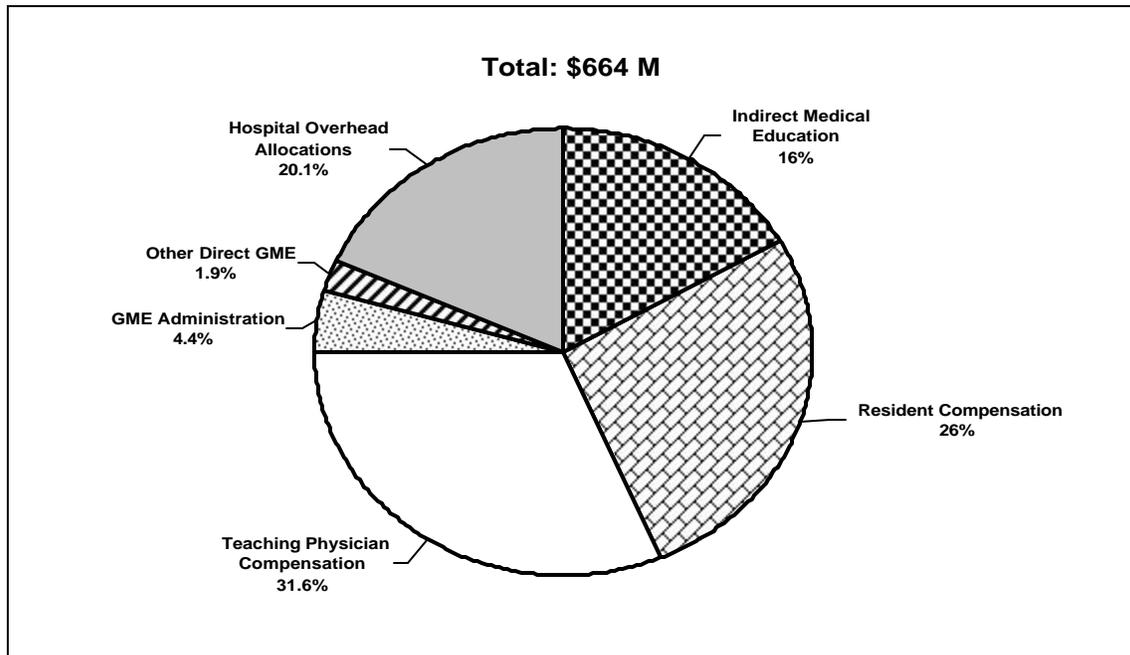
- 17.6 percent of GME revenues (\$116.7 million) were payments for “Medicare Indirect Medical Education (IME).” These revenues are payments made to the teaching hospitals by the federal government to compensate for higher patient care costs due to the presence of teaching programs.
- 9.5 percent of GME revenues (\$63.4 million) were for “Medicaid Direct Graduate Medical Education (DGME).” These revenues were a combination of general revenue and federal matching funds that were appropriated by the Texas Legislature to support GME in FY 2003. To address state budget restrictions, the Legislature eliminated funding this program for FY 2004. However, recent discussions and actions by the Legislature indicate that teaching hospitals may receive some relief provided through a one-time payment with revenues provided by Texas lottery proceeds and federal matching funds in FY 2005. While this approach will provide some relief for the teaching hospitals, no future legislative commitments have been made to maintain funding for the teaching hospitals.
- 8 percent of DGME revenues (\$53.2 million) were payments for “Medicare Direct Graduate Medical Education (DGME).” These are payments made to the teaching hospitals by the federal government to provide partial compensation for residency education costs.
- 4.4 percent of GME revenues (\$29 million) were “Other Revenue Sources for GME.” These revenues are amounts received from state, local, and/or private grants or donations used to fund GME, as well as federal Children’s Hospitals payments for GME Direct Medical Education
- 60.5 percent of GME revenues (\$401.7 million) were “Other Hospital Funds.” These revenues come from hospital reserves, Disproportionate Share Hospital funds, and patient care revenues (primarily commercially insured patients).

In FY 2003, the 25 teaching hospitals participating in the study were providing clinical experiences for 4,113 residents, or 70 percent of the total number of residents in the state. The average per resident revenue for teaching hospitals was calculated at \$161,451, of which \$63,765 is covered by GME-dedicated revenues and \$97,686 is covered by other non-GME-dedicated hospital funds.

B. Graduate Medical Education (GME) Expenses

GME annual expenses in FY 2003 reported by the 25 teaching hospitals participating in the study totaled \$664 million. The teaching hospitals were instructed to provide six specific line item entries on GME expenses from their Medicare cost reports, the source documents used to report revenue information.

Figure 4. FY 2003 Teaching Hospitals GME Expenses



- 31.6 percent of GME expenses (\$209.7 million) were reported as “Teaching Physician Compensation.” These expenses included the salaries and fringe benefits for supervising physicians.
- 26 percent of GME expenses (\$172.7 million) were reported as “Resident Compensation.” These expenses included resident salaries and benefits.
- 20.1 percent of GME expenses (\$133.8 million) were reported as “Hospital Overhead Allocations.” These expenses are calculated by a federally prescribed methodology and are exclusive of any other expenses.
- 16 percent of GME expenses (\$106 million) were reported as “Indirect Medical Education.” For the purpose of this study, the teaching hospitals were instructed to enter the same amount that had been provided under Medicare IME revenues. Nationally, many attempts have been made to quantify and qualify IME expenses, but there is no accepted measure of this cost.
- 4.4 percent of GME expenses (\$28.9 million) were reported as “GME Administration, e.g., direct cost of staff office providing long-term planning, institutional oversight, and operations management of residence and fellowship programs.”

- 1.9 percent of GME expenses (\$12.9 million) were reported as “Other Direct GME (not included elsewhere)”, e.g. resident liability insurance costs, resident meals, resident parking, net operating loss from teaching clinic.

The average per-resident expense for the 25 teaching hospitals that participated in this study was \$161,451 in FY 2003. Revenues dedicated to GME covered 39.5 percent of their total expenses for GME; these teaching hospitals covered 60.5 percent of their GME expenses – an additional \$401.7 million – from non-GME-dedicated sources that could have been used for patient care activities, or, in some cases, tax relief. Support for the gap in funding for GME was provided through general patient revenues, hospital district tax revenues, and Disproportionate Share payments.¹²

Discussion

Attempts were made to avoid duplicate or double counting of costs and expenses for GME. Using the current analysis, \$510.3 million in GME-related costs are being supported by revenue sources for which they were not intended. Just over one-fifth (\$108.6 million) of these expenses are borne by the medical schools in Texas, while the remainder is covered by the 25 teaching hospitals participating in this study.

Several other issues need further examination:

1. Resident compensation for the medical schools is listed at \$114 million and is listed for the teaching hospitals at \$172.7 million. Summing these two amounts produces a total resident expense of \$286.7 million, which reflects 31 percent of total GME expenses for the medical schools and teaching hospitals. This compensation, for the most part, does not reflect the 80-hour duty cap, which became effective in July 2003. This cap affected all physician residents’ training schedules and limits their duty hours to 80 hours per week. Initial increases in costs affect primarily the medical schools and are estimated at 25 to 30 percent.
2. As previously noted, these are FY 2003 financial data. The impact of FY 2004 state budget reductions on residency training and indigent health care is unknown. Nor is it known the impact of the 80-hour duty cap on teaching hospitals and the increased patient care responsibilities being placed on clinical faculty. In addition, the impact of further anticipated cuts in federal reimbursement is not known. It is known that teaching hospitals nationwide are at their lowest total margins since 1996, according to data provided by Ms. Karen Fisher, Associate Vice President in the Division of Health Care Affairs at the Association of American Medical Colleges. Teaching hospitals are no longer able to cost shift due to the lack of flexibility – and reduced income – among their payor sources.
3. The costs and revenues from the independent residency training programs and the 34 teaching hospitals not participating in the study represent a much smaller number of revenues and expenses related to GME. However, data would need to be collected from these programs to determine total statewide expenses and revenues. Because these programs represent a much smaller number of residents (14

¹² The Omnibus Budget and Reconciliation Act (OBRA) of 1981 directed state Medicaid programs to develop rate systems that identified and reimbursed hospitals that provide a disproportionate amount of indigent care.

percent), it is not expected that the proportions of revenues and expenses would differ significantly from those of the eight medical schools and 25 teaching hospitals that participated in the study to date.

Recommendations

The working group concluded that three categories of funding recommendations would do the most to help shore up the graduate medical education system in Texas and to alleviate some of the financial burden faced by Texas teaching hospitals and medical schools. They are 1) restore state graduate medical education funding to the levels of the 2002-03 biennium (and provide additional Medicaid funds for a federal match); 2) adopt formula allocations for faculty costs and resident support; and 3) provide state funding to allow for the addition of 300 additional residency positions. None of these recommendations should be implemented at the expense of undergraduate medical education in Texas. In addition to the state funding recommendations, the working group also recommended that the state should continue to work to enhance federal funding for GME.

1. Restore GME funding to 2002-2003 biennium levels and provide additional state funds for Medicaid matching. To accomplish this recommendation, an estimated \$45 million in additional state funds would be required per year. Of these funds, \$32 million would be used to draw down an estimated \$48 million in federal matching support.

a. *Permanently restore state Medicaid GME support to teaching hospitals*
(Restore funds in Article II to 2002-2003 biennium levels)

Funds: \$60 million annually (\$24 million in state general revenue and \$36 million in federal matching dollars)

b. *Provide additional state Medicaid GME support for teaching hospitals*
(Amount for the growth that would have been funded in the 2004-2005 biennium)

Estimated amount: \$20 million annually (\$8 million in state general revenue and \$12 million in federal matching dollars)

c. *Restore General Revenue funds trustee to the Coordinating Board for primary care residency support*
(Restore funds in Article III to 2002-2003 biennium levels)

Funds: \$13 million annually in state general revenue

2. Adopt formula allocations for faculty costs and resident support. To accomplish this recommendation, an estimated \$202.03 million in additional state general revenue would be required annually.

a. *State funds should be provided to support the teaching costs related to GME.* These funds should be allocated based on per-resident funding. State support would follow the resident to the sponsoring medical school, teaching hospital, or clinics that operate the accredited GME program.

Estimated funds: \$88.5 million [general revenue (\$15,000 X 5,902 residents)]

b. *State funds should be provided for resident support for the number of resident physicians in the state that exceeds the Federal cap.* This would recognize and compensate for federal restrictions on the number of resident physicians that a program may report and for which a program currently does not receive federal Medicare or Medicaid Direct Graduate Medical Education payments under current resident caps.

In 2001, the most recent year for which data are available, Texas was authorized to receive federal support for 3,631.43 resident physicians. The remaining 2,270.57 physicians are “over the cap” and currently do not receive Medicare or Medicaid DGME reimbursement. State support would follow the resident to the medical school, teaching hospital, or clinic that employs the resident.

Estimated funds: \$113.53 million [general revenue (\$50,000 X 2,270.57 residents)]

3. *Provide funding for 300 additional residency positions to encourage residency programs, especially those in shortage specialties, to increase capacity to help generate the physician workforce of the 21st century.* Seventy-five positions would be added each year, staggered over a four-year period. Initial funding for the 2006-2007 biennium would be \$14.625 million.

Estimated funds:

\$4.88 million [state general revenue (\$65,000 X 75 residents in FY 2006)]

\$9.75 million [state general revenue (\$65,000 X 150 residents in FY 2007)]

\$14.63 million [state general revenue (\$65,000 X 225 residents in FY 2008)]

\$19.5 million [state general revenue (\$65,000 X 300 residents in FY 2009 and beyond)]

4. *The Governor and the Legislature should actively collaborate with all stakeholders to seek relief from the federal Centers for Medicare and Medicaid (CMS) to:*

(1) eliminate the current caps on funded Medicare resident training slots and cost per resident for Medicaid graduate medical education reimbursement purposes; and

(2) work for increased and geographically equitable Medicare graduate medical education funding.

If this recommendation is adopted and subsequent negotiations with CMS meet with success, enhanced reimbursement rates for resident compensation and the elimination of resident slot distribution inequities could have the effect of Texas receiving more federal support for GME, thereby reducing some of the need for enhanced state support for GME. Increased federal support to the teaching hospitals for GME could also have the result of allowing medical schools to negotiate contracts more favorably with their affiliated teaching hospitals (reasoning that the teaching hospitals would have more sufficient resources) for teaching physician and resident physician compensation.

For FY 2006 and FY 2007, these recommendations would require an estimated \$251.91 million and \$256.78 million, respectively, in state general revenue and would draw down an estimated \$48 million in federal matching funds annually.

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Texas General Appropriations Act, 78th Regular Session, House Bill 1.

Texas Medical Association, Council on Medical Education, Agenda Packet, May 12, 2004.

Texas State Board of Medical Examiners, on-line at tsbme.state.tx.us.

Texas State Demographer's Office.

APPENDIX A

Rider 43

2002-2003 Biennium Year

Seventy-Seventh Legislature, Regular Session, General Appropriations Act, 2001

43. Graduate and Post Graduate Medical Education Task Force. The Coordinating Board shall convene a task force consisting of representatives from each state-appropriated health science center and hospital, as well as selected representatives of hospitals and health care facilities that serve as teaching facilities with residency programs. The Commissioner shall appoint the members of the task force.

Each task force participant shall make available, for task force use only, their most recent audited financial statements and Medicare cost reports.

The task force shall analyze all funding streams, local, state, and federal, and any other sources of revenue, public or private, that support graduate and post-graduate medical education in the state of Texas.

The Coordinating Board may hire an independent consultant to assist in the gathering and interpretation of data and the construction of recommendations. The Coordinating Board may pay for that consultant out of funds which may be available from gifts, grants or donations, or from transfers which may be made from funds available to the entities represented on the task force. Such transfer amounts shall be proportional to the numbers of graduate and post-graduate medical students in each entity's respective programs.

The task force shall recommend, to the Seventy-eighth Legislature by September 1, 2002, funding priorities that preserve the long-term viability of graduate and post-graduate medical education in Texas by improving graduate and post-graduate medical education's service to Texas residents.

APPENDIX B

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APPENDIX E

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Ms. Pauline Motts Chief Financial Officer	Thomason Hospital 4015 Alameda El Paso, TX 79905	pmotts@thomasoncares.org (915) 521-7624 (915) 521-7537

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APPENDIX G

FY 2003 Medical School Revenues and Expenses Definitions

GME Revenues:

1. Teaching Physician Contract Amounts are the revenues received for Graduate Medical Education (GME)
2. Direct state Appropriations are developed from the individual institution's bill pattern. **Each institution will be required to develop an allocation methodology such that only those revenues directly identified with GME in the strategies of the institution's bill pattern will be shown.**
3. THECB Contract Support should be captured in the All Funds amounts. If there are additional revenues from the CB not captured in "All Funds", they should be listed here.
4. Gifts and Grants associated with GME.
5. Practice Plan Funds (PPF). Typically, these funds are not intended as a primary support for GME unless they are required as matching funds. Only those PPF used as matching funds or other funding stream **dedicated** to GME, and exclusive of revenues shown in #1, should be reported as dedicated revenue. **PPF which are required in order to satisfy other GME expenses will be shown as a funding expenditures represented in any deficit.**
6. GME support from hospitals that is dedicated to GME and exclusive of revenues shown in #1.
7. Other Revenue Sources are defined as any revenue sources not captured above and dedicated to GME (please list).

GME Expenses:

1. Resident Compensation includes salaries, benefits, and stipends paid to residents. This should also include resident payment above the Medicare cap.
2. Faculty Salaries are the allocated salaries and benefits paid to teaching faculty. **The allocation methodology is to be developed by the individual medical schools and only expenses associated with GME are to be provided.**
3. GME Administration is the salaries and wages of the administrative staff that supports the teaching faculty.
4. Cost of Compliance are the expenses associated with complying with state and federal regulations as well as the costs of accreditation.
5. Other Direct GME NOT included above (e.g. malpractice insurance, travel expense associated with recruitment)
6. Overhead supporting GME (NOT included above). This could include both departmental and institutional "Overhead" based on an allocation methodology consistent with the institution's application of overhead in its grants' and contracts' agreements.
7. Practice Plan Funds that have been diverted to cover GME expenses. This is separate from the amounts given in #5 of the Revenues.
8. Other funds that have been diverted to cover GME expenses. Please list these. Only aggregated amounts should be provided on the accompanying worksheet.

Medical Schools' GME FY 2003 Revenues and Expenses

Institution : _____

GME Revenues:

Teaching Physician Contract Amounts	
Direct State Appropriations Allocated to GME	
THECB Contract Support	
Gifts and Grants	
Practice Plan Funds Dedicated to GME	
GME Support from Hospitals	
Other Revenue Sources (list)	
Total GME Revenues	\$0

GME Expenses:

Resident Compensation	
Faculty Salaries Allocated to GME	
GME Administration	
Cost of Compliance	
Other Direct GME (NOT included above)	
Overhead (NOT included above)	
Total GME Expenses	\$0

GME Surplus / Deficit \$0

Practice Plan Funds NOT Dedicated to GME, but Used to Support GME	
Other Funds NOT Dedicated to GME, but Used to Support GME.	
Total Amount of Other Medical School Funds Used to Support GME (list)	0

FY 2003 Teaching Hospitals Revenues and Expenses Definitions

GME Revenues:

1. Medicare GME
Enter amount from the Medicare Cost Report, Worksheet E-3, Part IV, Line 23.01
2. Medicaid DME
Enter amount from the Medicaid Cost Report, Worksheet E-3, Part IV, Line 23.01 or Total Program GME Line (not applicable after 09/01/03).
3. Medicare IME
Enter amount from the Medicare Cost Report, Worksheet E, Part A, Line 3.24, and Worksheet L, Line 4.03.
4. Other Revenue Sources
Enter amounts received from state, local, or private grants or donations that are used to fund GME

GME Expenses:

1. Number of Residents and Resident Compensation
Enter amounts for resident salaries and fringe benefits from the Medicare Cost Report, Worksheet A, column 7, line 22.
2. Teaching Physician Compensation
Enter amounts for supervising physician salaries and fringe benefits included in the Medicare Cost Report, Worksheet A, column 7, line 23.
3. GME Administration
Enter salary and fringe benefits amounts for other administrative personnel included in the Medicare Cost Report, Worksheet A, column 7, line 23.
4. Other Direct GME (NOT included above)
Enter any other direct GME costs not included in the Medicare Cost Report, Worksheet A, column 7, line 22 or 23.
5. Hospital Overhead Allocations
Enter amount from the Medicare Cost Report, Worksheet B, Part I, columns 1-24, lines 22 and 23.
6. Medicare IME expenses are assumed to equal Medicare IME Revenues.

Other Hospital Funding for GME:

1. This may include alternative funding sources such as Disproportionate Share Payments or the use of endowment which are now required to fund GME adequately. Please list the source of funds used to support the deficit, but only provide the aggregate amount on the accompanying worksheet.

Teaching Hospitals' GME FY 2003 Revenues and Expenses

Institution : _____

GME Revenues:

Medicare DME	_____
Medicaid DME	_____
Medicare IME	_____
Other Revenue Sources for GME	_____
 Total GME Revenues	 _____ \$0

GME Expenses:

Resident Compensation	_____
Teaching Physician Compensation	_____
GME Administration	_____
Other Direct GME (NOT included above)	_____
Hospital Overhead Allocations	_____
Indirect Medical Education	_____
 Total GME Expenses	 _____ \$0

GME Deficit / Surplus _____ **\$0**

Total Amount of Deficit Funds Used to Support GME (list)

**Summary Counts of Resident Physicians
by Medical School and Independent Residency Program**

	Medical Specialty Residency Programs	Number of Residents	1st Year Entering Residents	Total Unfilled Positions/ Capacity	1st Year Unfilled Capacity	
<u>Public Medical Schools</u>						
1	TAMUSHSC/Scott & White Memorial Hospital	25	293	73	26	4
2	TTUHSC	35	483	141	21	4
3	UNTHSC Fort Worth	21	129	42	52	0
4	UTMB Galveston	53	528	105	16	0
5	UTHSC Houston	52	735	162	78	8
6	UT Southwestern Medical Center at Dallas	79	1210	248	42	19
7	UTHSC San Antonio	<u>55</u>	<u>632</u>	<u>148</u>	<u>72</u>	<u>13</u>
	Subtotal	320	4010	919	307	48
<u>Private Medical School</u>						
1	Baylor College of Medicine	80	1082	212	124	23
<u>Public Health-related (w/o medical school)</u>						
8	UT Health Center Tyler	2	23	7	1	0
9	UT MD Anderson Cancer Center	14	87	0	8	1
		16	110	7	9	1
<u>Independent Residency Programs</u>						
1	Austin Area Medical Program Seton	6	111	40	10	2
2	Baylor Garland and University (Dallas)	16	171	37	16	2
3	Bexar County	1	1	0	1	0
4	Christus St. Joseph's Hospital (Houston)	5	75	30	2	2
5	Christus Santa Rosa (San Antonio)	1	19	5	2	2
6	Conroe Medical Education Foundation	1	21	7	3	1
7	Driscoll Children's Hospital	1	40	14	2	0
8	Harris County Medical Examiner	1	2	0	0	0
9	John Peter Smith Hospital (Fort Worth)	6	64	23	-1	0
10	Memorial Hermann Houston	2	46	15	4	1
11	Methodist Hospitals of Dallas	3	39	15	3	-1
12	Presbyterian Hospital (Dallas)	2	25	12	0	0
13	San Jacinto Methodist (Baytown)	1	24	8	0	0
14	Spohn Memorial Hospital (Corpus Christi)	1	36	12	0	0
15	Southwestern Institute of Forensic Sciences	1	2	0	1	0
16	Texas Department of Health	1	1	0	0	0
17	Texas Heart Institute (Houston)	1	7	0	0	0
18	Valley Baptist (Harlingen)	1	15	5	0	0
19	World Craniofacial Foundation (Dallas)	1	1	0	1	0
	Subtotal	52	700	223	44	9
	Total ACGME and AOA residency programs	468				
	Total ACGME and AOA filled residency positions		5902			
	Total ACGME and AOA 1st Year filled positions			1361		
	Total ACGME and AOA Total Unfilled positions				484	
	Total ACGME and AOA 1st year entering unfilled					81

Source: Accreditation Council on Graduate Medical Education; University of North Texas Health Science Center at Fort Worth; and institutional reports April/May 2004

Texas A&M University Health Science Center (College Station/Temple)			A	B	C	D	E	
			Number of	Number of	Number of	Number of	Number of	
<u>Residency Program Number and Name</u>			<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
<u>Specialty</u>								
1	[0404821156]	Scott and White Program	Anesthesiology	6	24	0	6	0
2	[1104821102]	Scott and White Program	Emergency medicine	8	21	0	8	0
3	[1204821469]	Scott and White Program	Family practice	6	19	3	6	0
4	[1404821426]	Scott and White Program	Internal medicine	15	36	4	15	1
5	[1414821020]	Scott and White Program	Cardiovascular disease	4	11	0	0	0
6	[1444821018]	Scott and White Program	Gastroenterology	2	6	0	0	0
7	[1464821198]	Scott and White Program	Infectious disease	1	2	0	0	0
8	[1474821186]	Scott and White Program	Oncology	3	6	0	0	0
9	[1524812071]	Scott and White Program	Interventional cardiology	2	2	0	0	0
10	[1564821128]	Scott and White Program	Pulmonary disease & critical care	2	6	0	0	0
11	[2204821293]	Scott and White Program	Obstetrics and gynecology	4	16	0	4	0
12	[2404821154]	Scott and White Program	Ophthalmology	3	6	3	0	0
13	[2604821171]	Scott and White Program	Orthopaedic surgery	3	15	0	3	0
14	[3004812357]	Scott and White Program	Pathology-anatomic and clinical	3	7	1	3	0
15	[3074821086]	Scott and White Program	Cytopathology	2	2	0	0	0
16	[3114821044]	Scott and White Program	Hematology	1	1	1	0	0
17	[3204821236]	Scott and White Program	Pediatrics	6	18	0	6	0
18	[3604821130]	Scott and White Program	Plastic surgery	1	3	0	0	0
19	[4004821276]	Scott and White Program	Psychiatry	3	14	2	3	1
20	[4054821175]	Scott and White Program	Child and adolescent psychiatry	1	2	2	0	0
21	[4204811198]	Scott and White Program	Radiology-diagnostic	5	23	1	5	0
22	[4404821339]	Scott and White Program	Surgery-general	6	23	3	6	0
23	[4804821148]	Scott and White Program	Urology	1	4	0	0	0
24	[7004844083]	Scott and White Program	Internal Medicine/Pediatrics	3	11	0	3	0
25	[1204831605]	Family Practice Foundation of Brazos	Family practice	5	15	6	5	2
Total				96	293	26	73	4

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Texas Tech University Health Sciences Center		A	B	C	D	E
		Number of	Number of	Number of	Number of	Number of
Residency Program Number and Name		1st Year Filled	Total Filled	Total Unfilled	1st Year Entering	1st Year
Specialty		Positions	Positions	Positions	Filled Positions	Unfilled
1	[0404811153] Texas Tech University (Lubbock) Program	4	25	0	4	0
2	[0484821030] Texas Tech University (Lubbock) Program	5	5	0	0	0
3	[0804821105] Texas Tech University (Lubbock) Program	2	7	0	0	0
4	[1204811660] Texas Tech University (Lubbock) Rural Program at Abilene	2	6	0	2	0
5	[1204821310] Texas Tech University (Lubbock) Program	8	25	0	8	0
6	[1404821459] Texas Tech University (Lubbock) Program	9	24	0	9	0
7	[1414821121] Texas Tech University (Lubbock) Program	2	6	0	0	0
8	[1444821195] Texas Tech University (Lubbock) Program	1	3	0	0	0
9	[1484821081] Texas Tech University (Lubbock) Program	2	4	0	0	0
10	[2204821290] Texas Tech University (Lubbock) Program	3	11	0	3	0
11	[2404821152] Texas Tech University (Lubbock) Program	3	9	0	0	0
12	[2604831160] Texas Tech University (Lubbock) Program	2	11	-1	2	0
13	[2684831088] Texas Tech University (Lubbock) Program	0	0	2	0	2
14	[3004831415] Texas Tech University (Lubbock) Program	2	8	0	2	0
15	[3204821260] Texas Tech University (Lubbock) Program	6	17	1	6	0
16	[4004821256] Texas Tech University (Lubbock) Program	2	13	0	2	0
17	[4404821363] Texas Tech University (Lubbock) Program	6	17	1	6	0
18	[1204821511] Texas Tech University (Amarillo) Program	6	18	0	6	0
19	[1254833050] Texas Tech University (Amarillo) Program	0	0	1	0	0
20	[1404821477] Texas Tech University (Amarillo) Program	12	30	7	12	0
21	[2204821320] Texas Tech University (Amarillo) Program	3	12	0	3	0
22	[3204821370] Texas Tech University (Amarillo) Program	4	13	2	4	1
23	[7004844073] Texas Tech University (Amarillo) Health Sciences Center	2	4	0	2	0
24	[0404821187] Texas Tech University (El Paso) Program	3	9	0	0	0
25	[1104812070] Texas Tech University (El Paso) Program	8	25	-1	8	0
26	[1204811309] Texas Tech University (El Paso) Program	8	23	1	7	1
27	[1404811424] Texas Tech University (El Paso) Program	11	28	5	11	0
28	[2204811315] Texas Tech University (El Paso) Program	4	14	2	4	0
29	[3204811234] Texas Tech University (El Paso) Program	11	34	-1	11	0
30	[4004811217] Texas Tech University (El Paso) Program	3	12	0	3	0
31	[4404811332] Texas Tech University (El Paso) Program	5	15	2	5	0
32	[9994800221] Texas Tech University (El Paso) Program	6	6	0	6	0
33	[1204821457] Texas Tech University (Odessa) Program	6	17	0	6	0
34	[1404821519] Texas Tech University (Odessa) Program	7	24	0	7	0
35	[2204821331] Texas Tech University (Odessa) Program	2	8	0	2	0
Total		160	483	21	141	4

Source: ACGME web site at www.acgme.org, March 2004; institutional report April 2004

UNTHSC Fort Worth			A	B	C	D	E
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
			<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year</u>
			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Unfilled</u>
	<u>Residency Program Name</u>	<u>Specialty</u>					
1	Bay Area Medical Center Corpus Christ	Traditional Intern	2	2	0	2	0
2	Bay Area Medical Center Corpus Christ	Family Practice (1)	6	19	3	6	0
3	Doctor's Hospital Groves	Family Practitce (2)	0	0	0	0	0
4	Osteopathic Med Ctr, Ft. Worth, TX	Diagnostic Radiology	0	6	0	0	0
5	Osteopathic Med Ctr, Ft. Worth, TX	Family Practice (1)	3	14	9	3	0
6	Osteopathic Med Ctr, Ft. Worth, TX	General Vascular Surgery	0	1	0	0	0
7	Osteopathic Med Ctr, Ft. Worth, TX	Geriatric Medicine-FP	0	0	2	0	0
8	Osteopathic Med Ctr, Ft. Worth, TX	Geriatrics-Internal Medicine	0	0	2	0	0
9	Osteopathic Med Ctr, Ft. Worth, TX	Internal Medicine (1)	2	12	8	2	0
10	Osteopathic Med Ctr, Ft. Worth, TX	Neuromusculoskeletal Med + 1	0	0	4	0	0
11	Osteopathic Med Ctr, Ft. Worth, TX	Neuromusculoskeletal Med/OMT	0	3	1	0	0
12	Osteopathic Med Ctr, Ft. Worth, TX	Obstetrics & Gynecology (1)	2	6	2	2	0
13	Osteopathic Med Ctr, Ft. Worth, TX	Orthopedic Surgery	0	5	0	0	0
14	Osteopathic Med Ctr, Ft. Worth, TX	Sports Medicine	0	0	2	0	0
15	Osteopathic Med Ctr, Ft. Worth, TX	Surgery-General (1)	2	8	2	2	0
16	Osteopathic Med Ctr, Ft. Worth, TX	Traditional Internship	3	3	12	3	0
17	UNTHSCFW/TCOM/Plaza Medical Cer	Cardiology	0	2	4	0	0
18	UNTHSCFW/TCOM/Plaza Medical Cer	Family Practice (1)	4	13	0	4	0
19	UNTHSCFW/TCOM/Plaza Medical Cer	Internal Medicine (1)	6	19	5	6	0
20	UNTHSCFW/TCOM/Plaza Medical Cer	Surgery-General (1)	2	6	2	2	0
21	UNTHSCFW/TCOM/Plaza Medical Cer	Traditional Internship (2)	10	10	-6	10	0
			42	129	52	42	0
(1) Includes PGY1 Special Emphasis and Tracking Interns							
(2) Dallas Medical Center closed; Plaza Medical Center received a variance from the AOA to train displaced residents following this closure.							

Source: UNTHSC Institutional Report, March 2004

Analysis by THECB, March 2004

UTMB Galveston			A	B	C	D	E	
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
Residency Program Number and Name			<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year</u>	
Specialty			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Unfilled</u>	
1	[0204811026]	University of Texas Medical Branch Hospitals	Allergy and immunology	2	4	0	0	0
2	[0404811149]	University of Texas Medical Branch Hospitals	Anesthesiology	12	54	0	13	0
3	[0424821030]	University of Texas Medical Branch Hospitals	Pediatric anesthesiology	0	0	1	0	0
4	[0454821048]	University of Texas Medical Branch Hospitals	Critical care medicine	0	2	0	0	0
5	[0484821103]	University of Texas Medical Branch Hospitals	Pain management	2	2	0	0	0
6	[0804811086]	University of Texas Medical Branch Hospitals	Dermatology	2	7	0	2	0
7	[1004821048]	University of Texas Medical Branch Hospitals	Dermatopathology	1	1	0	0	0
8	[1204821305]	University of Texas Medical Branch Hospitals	Family practice	8	26	0	8	0
9	[1404821421]	University of Texas Medical Branch Hospitals	Internal medicine	38	87	0	38	0
10	[1414821070]	University of Texas Medical Branch Hospitals	Cardiovascular disease	4	13	1	0	0
11	[1434821163]	University of Texas Medical Branch Hospitals	Endocrinology, diabetes, and	2	4	0	0	0
12	[1444821062]	University of Texas Medical Branch Hospitals	Gastroenterology	4	11	-1	0	0
13	[1464821048]	University of Texas Medical Branch Hospitals	Infectious disease	2	5	0	0	0
14	[1474821053]	University of Texas Medical Branch Hospitals	Oncology	2	6	0	0	0
15	[1484821049]	University of Texas Medical Branch Hospitals	Nephrology	2	4	0	0	0
16	[1504821147]	University of Texas Medical Branch Hospitals	Rheumatology	1	2	0	0	0
17	[1514821106]	University of Texas Medical Branch Hospitals	Geriatric medicine	4	5	0	0	0
18	[1524821097]	University of Texas Medical Branch Hospitals	Interventional cardiology	2	2	0	0	0
19	[1564821112]	University of Texas Medical Branch Hospitals	Pulmonary disease and critical	2	6	0	0	0
20	[1604821083]	University of Texas Medical Branch Hospitals	Neurological surgery	1	7	-3	1	0
21	[1804811109]	University of Texas Medical Branch Hospitals	Neurology	3	9	0	0	0
22	[2204821285]	University of Texas Medical Branch Hospitals	Obstetrics and gynecology	8	32	0	8	0
23	[2404821149]	University of Texas Medical Branch Hospitals	Ophthalmology	4	13	-1	0	0
24	[2604821165]	University of Texas Medical Branch Hospitals	Orthopaedic surgery	4	20	0	0	0
25	[2674821023]	University of Texas Medical Branch Hospitals	Orthopaedic surgery of the	0	0	1	0	0
26	[2804811103]	University of Texas Medical Branch Hospitals	Otolaryngology	3	12	0	0	0
27	[3004811349]	University of Texas Medical Branch Hospitals	Pathology-anatomic and clinical	4	16	0	4	0
28	[3074813093]	University of Texas Medical Branch Hospitals	Cytopathology	0	0	1	0	0
29	[3144821010]	University of Texas Medical Branch Hospitals	Medical microbiology	0	0	1	0	0
30	[3204811231]	University of Texas Medical Branch Hospitals	Pediatrics	13	38	-1	13	0
31	[3264811037]	University of Texas Medical Branch Hospitals	Pediatric endocrinology	0	1	1	0	0
32	[3284811020]	University of Texas Medical Branch Hospitals	Pediatric nephrology	0	0	3	0	0
33	[3294821056]	University of Texas Medical Branch Hospitals	Neonatal-perinatal medicine	1	3	0	0	0
34	[3354831054]	University of Texas Medical Branch Hospitals	Pediatric infectious diseases	0	1	2	0	0
35	[3604811098]	University of Texas Medical Branch Hospitals	Plastic surgery	3	15	0	3	0
36	[3804821049]	University of Texas Medical Branch Hospitals	Preventive medicine	1	1	2	0	0
37	[3804866118]	University of Texas Medical Branch Hospitals	Preventive medicine (NASA)	3	6	2	0	0
38	[3804877121]	University of Texas Medical Branch Hospitals	Preventive medicine & comm	1	2	2	0	0
39	[4004811212]	University of Texas Medical Branch Hospitals	Psychiatry	6	22	0	0	0
40	[4054811124]	University of Texas Medical Branch Hospitals	Child and adolescent psychiatry	4	6	2	0	0
41	[4204811194]	University of Texas Medical Branch Hospitals	Radiology-diagnostic	6	23	-1	0	0

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

UTMB Galveston			A	B	C	D	E
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
	<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled</u>
42	[4234821020] University of Texas Medical Branch Hospitals	Neuroradiology	2	2	0	0	0
43	[4244821014] University of Texas Medical Branch Hospitals	Pediatric radiology	1	1	0	0	0
44	[4274821098] University of Texas Medical Branch Hospitals	Vascular and interventional	2	2	1	0	0
45	[4304811097] University of Texas Medical Branch Hospitals	Radiation oncology	1	4	0	0	0
46	[4404811333] University of Texas Medical Branch Hospitals	Surgery-general	9	27	13	9	0
47	[4424831098] The University of Texas Medical Branch	Surgical critical care	2	2	0	0	0
48	[4604821091] University of Texas Medical Branch Hospitals	Thoracic surgery	0	1	0	0	0
49	[4804811144] University of Texas Medical Branch Hospitals	Urology	1	4	0	1	0
50	[7004844113] University of Texas Medical Branch Hospitals	Internal Medicine/Pediatrics	3	12	-10	4	0
51	[7514844007] University of Texas Medical Branch at	Internal Medicine/Preventive	0	0	0	0	0
52	[7514844009] University of Texas Medical Branch Hospitals	Internal Medicine/Preventive	1	2	0	1	0
53	[7514844010] University of Texas Medical Branch Hospitals	Internal Medicine/Preventive	0	3	0	0	0
Total			177	528	16	105	0

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

	UTHSC Houston		A	B	C	D	E
			Number of	Number of	Number of	Number of	Number of
	<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>
1	[0404831152] University of Texas Health Science Center	Anesthesiology	10	77	-11	10	0
2	[0454821032] University of Texas at Houston Program	Critical care medicine	3	3	0	0	0
3	[0484821029] University of Texas at Houston Program	Pain management	3	3	0	0	0
4	[0604821023] University of Texas at Houston Program	Colon and rectal surgery	4	4	0	0	0
5	[0804821100] University of Texas at Houston Program	Dermatology	3	10	0	0	1
6	[1104821096] University of Texas at Houston Program	Emergency medicine	10	29	1	10	0
7	[1204821490] University of Texas at Houston Program	Family practice	12	36	0	12	0
8	[1254812045] University of Texas at Houston Program	Geriatric medicine	2	2	0	0	0
9	[1304821034] University of Texas at Houston Program	Medical genetics	1	1	3	1	0
10	[1404831423] University of Texas at Houston Program	Internal medicine	47	118	19	47	0
11	[1414831019] University of Texas at Houston Program	Cardiovascular disease	6	18	0	0	0
12	[1434831017] University of Texas at Houston Program	Endocrinology, diabetes, and	2	2	0	0	0
13	[1444831017] University of Texas at Houston Program	Gastroenterology	4	9	0	0	0
14	[1454831016] University of Texas at Houston Program	Hematology	1	2	0	0	0
15	[1464831018] University of Texas at Houston Program	Infectious disease	5	10	0	0	0
16	[1484831015] University of Texas at Houston Program	Nephrology	5	10	2	0	0
17	[1504831130] University of Texas at Houston Program	Rheumatology	2	4	0	0	0
18	[1524812069] University of Texas at Houston Program	Interventional cardiology	3	3	0	0	0
19	[1544821082] University of Texas at Houston Program	Clinical cardiac electrophysiology	1	1	1	0	0
20	[1564831071] University of Texas at Houston Program	Pulmonary disease and critical	3	9	0	0	0
21	[1804831111] University of Texas at Houston Program	Neurology	5	14	1	0	0
22	[1854831078] University of Texas at Houston Program	Child Neurology	0	3	0	0	0
23	[1874821066] University of Texas at Houston Program	Clinical neurophysiology	3	3	0	0	0
24	[1884831014] University of Texas at Houston Program	Vascular neurology	2	2	1	0	0
25	[2204821289] University of Texas at Houston (Memorial	Obstetrics and gynecology	6	24	0	6	0
26	[2204821334] University of Texas at Houston (Lyndon B	Obstetrics and gynecology	5	19	1	5	0
27	[2404821151] University of Texas at Houston Program	Ophthalmology	3	9	0	0	0
28	[2604821166] University of Texas at Houston Program	Orthopaedic surgery	3	16	-1	3	0
29	[2804821105] University of Texas at Houston Program	Otolaryngology	3	9	3	0	0
30	[3004811352] University of Texas at Houston Program	Pathology-anatomic and clinical	4	23	5	4	3
31	[3204821233] University of Texas at Houston Program	Pediatrics	21	54	11	21	0
32	[3214821003] University of Texas at Houston Program	Adolescent medicine	1	2	0	0	0
33	[3264821066] University of Texas at Houston Program	Pediatric endocrinology	0	1	2	0	0
34	[3284821041] University of Texas at Houston Program	Pediatric nephrology	1	4	-1	0	0
35	[3294821058] University of Texas at Houston Program	Neonatal-perinatal medicine	3	7	0	3	0
36	[3304821056] University of Texas at Houston Program	Pediatric pulmonology	1	1	2	1	0
37	[3354812056] University of Texas at Houston Program	Pediatric infectious diseases	0	1	0	0	0
38	[3404821101] University of Texas at Houston Program	Physical medicine and	4	12	0	0	0
39	[3454821009] University of Texas at Houston Program	Spinal cord injury medicine	1	1	0	0	0
40	[3604831101] University of Texas at Houston Program	Plastic surgery	2	4	0	0	0
41	[4004831215] University of Texas at Houston Program	Psychiatry	7	24	24	7	5

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

UTHSC Houston			A	B	C	D	E
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>			<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year</u>	<u>1st Year</u>
<u>Specialty</u>			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Entering</u>	<u>Unfilled</u>
42	[4054821139] University of Texas at Houston Program	Child and adolescent psychiatry	4	8	2	0	0
43	[4204821196] University of Texas at Houston Program	Radiology-diagnostic	12	46	2	0	0
44	[4234821041] University of Texas at Houston Program	Neuroradiology	1	1	1	0	0
45	[4274821078] University of Texas at Houston Program	Vascular and interventional	3	3	1	0	0
46	[4404821337] University of Texas at Houston Program	Surgery-general	19	44	4	19	-1
47	[4424821038] University of Texas at Houston Program	Surgical critical care	3	3	0	0	0
48	[4504813104] University of Texas Health Sciences Center at	Vascular surgery	1	2	0	0	0
49	[4804821146] University of Texas at Houston Program	Urology	3	12	0	0	0
50	[7004844075] University of Texas at Houston Program	Internal Medicine/Pediatrics	0	18	0	0	0
51	[9994800219] University of Texas at Houston Program	Transitional year	13	13	0	13	0
52	[3804877090] University of Texas School of Public Health	Preventive medicine	0	1	5	0	0
Total			261	735	78	162	8

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

UT Southwestern Medical Center at Dallas			A	B	C	D	E	
			Number of	Number of	Number of	Number of	Number of	
Residency Program Number and Name			1st Year Filled Positions	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled Positions	1st Year Unfilled Positions	
Specialty								
1	[0204821085]	University of Texas Southwestern Medical	Allergy and immunology	2	4	0	0	0
2	[0404821147]	University of Texas Southwestern Medical	Anesthesiology	8	59	-4	8	0
3	[0424831037]	University of Texas Southwestern Medical	Pediatric anesthesiology	1	1	1	0	0
4	[0484821052]	University of Texas Southwestern Medical	Pain management	1	1	0	0	0
5	[0804821085]	University of Texas Southwestern Medical	Dermatology	5	15	-5	0	0
6	[1004821013]	University of Texas Southwestern Medical	Dermatopathology	5	5	0	0	0
7	[1104821153]	University of Texas Southwestern Medical	Emergency medicine	16	48	0	16	0
8	[1184831009]	University of Texas Southwestern Medical	Medical toxicology	2	3	1	0	0
9	[1204821361]	University of Texas Southwestern Medical	Family practice	10	29	1	10	0
10	[1304813058]	University of Texas Southwestern Medical	Medical genetics	1	1	1	0	0
11	[1404811418]	University of Texas Southwestern Medical	Internal medicine	7	19	0	7	0
12	[1404821419]	University of Texas Southwestern Medical	Internal medicine	54	141	1	54	0
13	[1414821119]	University of Texas Southwestern Medical	Cardiovascular disease	6	21	-3	0	0
14	[1434821083]	University of Texas Southwestern Medical	Endocrinology, diabetes, and	4	12	-5	0	0
15	[1444821100]	University of Texas Southwestern Medical	Gastroenterology	3	12	-3	0	0
16	[1464821098]	University of Texas Southwestern Medical	Infectious disease	2	4	0	0	0
17	[1484821084]	University of Texas Southwestern Medical	Nephrology	5	16	-2	0	0
18	[1504821070]	University of Texas Southwestern Medical	Rheumatology	3	6	0	0	0
19	[1514812136]	University of Texas Southwestern Medical	Geriatric medicine	4	4	-1	0	0
20	[1544821070]	University of Texas Southwestern Medical	Clinical cardiac electrophysiology	2	2	0	0	0
21	[1554821066]	University of Texas Southwestern Medical	Hematology and oncology	5	11	1	0	0
22	[1564821069]	University of Texas Southwestern Medical	Pulmonary disease and critical care	3	8	-1	0	0
23	[1604821082]	University of Texas Southwestern Medical	Neurological surgery	4	11	-1	0	0
24	[1804821108]	University of Texas Southwestern Medical	Neurology	4	15	0	0	0
25	[1854821043]	University of Texas Southwestern Medical	Child neurology	1	2	3	0	0
26	[1874821074]	University of Texas Southwestern Medical	Clinical neurophysiology	3	3	0	0	0
27	[1884831008]	University of Texas Southwestern Medical	Vascular neurology	1	1	1	0	0
28	[2004821073]	University of Texas Southwestern Medical	Nuclear medicine	1	1	0	0	0
29	[2204831282]	University of Texas Southwestern Medical	Obstetrics and gynecology	16	63	1	16	0
30	[2204831283]	University of Texas Southwestern Medical	Obstetrics and gynecology	4	12	0	4	0
31	[2404821148]	University of Texas Southwestern Medical	Ophthalmology	8	25	-1	0	0
32	[2604821032]	University of Texas Southwestern Medical	Orthopaedic surgery	6	27	3	6	0
33	[2654821013]	University of Texas Southwestern Medical	Pediatric orthopaedics	4	4	0	0	0
34	[2804821102]	University of Texas Southwestern Medical	Otolaryngology	4	16	0	0	0
35	[3004811345]	University of Texas Southwestern Medical	Pathology-anatomic and clinical	9	33	5	9	1
36	[3054831068]	University of Texas Southwestern Medical	Blood banking/transfusion medicine	1	1	0	0	0
37	[3064821012]	University of Texas Southwestern Medical	Chemical pathology	1	0	1	0	0
39	[3074821060]	University of Texas Southwestern Medical	Cytopathology	1	1	1	0	0
40	[3114821064]	University of Texas Southwestern Medical	Hematology	2	2	0	0	0
41	[3144812014]	University of Texas Southwestern Medical	Medical microbiology	0	0	1	0	0

Source: ACGME web site at www.acgme.org, March 2004; institutional report, April 2004

UT Southwestern Medical Center at Dallas		A	B	C	D	E
		Number of	Number of	Number of	Number of	Number of
Residency Program Number and Name		1st Year Filled Positions	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled Positions	1st Year Unfilled Positions
Specialty						
42	[3154821083] University of Texas Southwestern Medical	0	0	3	0	0
43	[3164821003] University of Texas Southwestern Medical	0	0	2	0	2
44	[3204821230] University of Texas Southwestern Medical	28	80	1	28	0
45	[3234821041] University of Texas Southwestern Medical	8	14	0	0	0
46	[3244821034] University of Texas Southwestern Medical	3	9	0	0	0
47	[3254821058] University of Texas Southwestern Medical	2	5	1	0	0
48	[3264831069] University of Texas Southwestern Medical	2	6	0	0	0
49	[3274821046] University of Texas Southwestern Medical	2	7	2	0	0
50	[3284821019] University of Texas Southwestern Medical	1	4	6	0	0
51	[3294821055] University of Texas Southwestern Medical	3	6	3	0	0
52	[3314831021] University of Texas Southwestern Medical	0	1	1	0	0
53	[3324811045] University of Texas Southwestern Medical	1	3	0	0	0
54	[3354821053] University of Texas Southwestern Medical	2	6	0	0	0
55	[3404821065] University of Texas Southwestern Medical	6	19	0	0	0
56	[3454821012] University of Texas Southwestern Medical	3	3	-1	0	0
57	[3604821097] University of Texas Southwestern Medical	2	8	0	3	0
58	[3634821004] University of Texas Southwestern Medical	1	1	0	0	0
59	[4004821211] University of Texas Southwestern Medical	12	55	13	12	2
60	[4014821028] University of Texas Southwestern Medical	1	1	1	0	0
61	[4054821123] University of Texas Southwestern Medical	5	10	0	0	0
62	[4064831042] University of Texas Southwestern Medical	2	2	0	0	0
63	[4074821036] University of Texas Southwestern Medical	2	3	1	0	0
64	[4204821192] University of Texas Southwestern Medical	13	52	0	0	0
65	[4234821059] University of Texas Southwestern Medical	5	5	1	0	0
66	[4244821015] University of Texas Southwestern Medical	3	3	0	0	0
67	[4254821027] University of Texas Southwestern Medical	0	0	1	0	0
68	[4274821003] University of Texas Southwestern Medical	1	1	0	0	0
69	[4404821331] University of Texas Southwestern Medical	24	84	11	24	14
70	[4424821001] University of Texas Southwestern Medical	3	3	-1	0	0
71	[4454821022] University of Texas Southwestern Medical	0	1	1	0	0
72	[4504821029] University of Texas Southwestern Medical	1	3	-1	0	0
73	[4604821090] University of Texas Southwestern Medical	2	7	-1	0	0
74	[4804821143] University of Texas Southwestern Medical	4	16	0	0	0
75	[1204831304] University of Texas Southwestern Medical	27	73	2	25	0
76	[1204821433] Methodist Hospitals of Dallas/University of	6	17	0	6	0
77	[1274821016] Methodist Hospitals of Dallas/University of	2	2	0	0	0
78	[1204811313] McLennan County Medical Education and	12	36	0	12	0
79	[1204821435] Wichita Falls North Central Texas Medical	8	25	0	8	0
	Total	416	1210	42	248	19

Source: ACGME web site at www.acgme.org, March 2004; institutional report, April 2004

UTHSC San Antonio		A	B	C	D	E	
		Number of	Number of	Number of	Number of	Number of	
Residency Program Number and Name		1st Year Filled	Total Filled	Total Unfilled	1st Year Entering	1st Year Unfilled	
Specialty		Positions	Positions	Positions	Filled Positions	Postions	
1	[0404821155] University of Texas Health Science Center at San	Anesthesiology	8	36	-5	8	0
2	[0484831031] University of Texas Health Science Center at San	Pain management	3	3	0	0	0
3	[0804822088] University of Texas Health Science Center at San	Dermatology	2	4	-1	2	0
4	[1204811311] University of Texas Health Science Center at San	Family practice	6	20	2	6	0
5	[1204821312] University of Texas Health Science Center at San	Family practice	12	35	1	12	0
6	[1274821027] University of Texas Health Science Center at San	Sports medicine	0	0	1	0	0
7	[1404821425] University of Texas Health Science Center at San	Internal medicine	38	88	10	38	0
8	[1404821524] University of Texas Health Science Center at San	Internal medicine	4	12	3	4	1
9	[1414821084] University of Texas Health Science Center at San	Cardiovascular disease	4	12	1	0	0
10	[1434821055] University of Texas Health Science Center at San	Endocrinology, diabetes, and	1	2	2	0	0
11	[1444821072] University of Texas Health Science Center at San	Gastroenterology	2	6	0	0	0
12	[1464821057] University of Texas Health Science Center at San	Infectious disease	2	4	0	0	0
13	[1484821057] University of Texas Health Science Center at San	Nephrology	5	11	4	0	0
14	[1504821041] University of Texas Health Science Center at San	Rheumatology	0	2	0	0	0
15	[1514821075] University of Texas Health Science Center at San	Geriatric medicine	3	3	1	0	0
16	[1524821070] University of Texas Health Science Center at San	Interventional cardiology	2	2	0	0	0
17	[1554821099] University of Texas Health Science Center at San	Hematology and oncology	3	11	1	0	0
18	[1564811072] University of Texas Health Science Center at San	Pulmonary disease and	2	6	0	0	0
19	[1604821085] University of Texas Health Science Center at San	Neurological surgery	0	0	5	0	0
20	[1804821112] University of Texas Health Science Center at San	Neurology	2	8	0	0	0
21	[1874831077] University of Texas Health Science Center at San	Clinical neurophysiology	1	1	1	0	0
22	[2004831085] University of Texas Health Science Center at San	Nuclear medicine	2	2	0	0	0
23	[2204821292] University of Texas Health Science Center at San	Obstetrics and gynecology	6	22	2	6	0
24	[2404821153] University of Texas Health Science Center at San	Ophthalmology	4	12	0	0	0
25	[2604831095] University of Texas Health Science Center at San	Orthopaedic surgery	6	29	1	6	0
26	[2634821025] University of Texas Health Science Center at San	Hand surgery	4	4	0	0	0
27	[2684821042] University of Texas Health Science Center at San	Orthopaedic sports medicine	2	2	0	0	0
28	[2804821106] University of Texas Health Science Center at San	Otolaryngology	2	8	0	0	0
29	[3004821356] University of Texas Health Science Center at San	Pathology-anatomic and	4	16	0	3	0
30	[3054821045] University of Texas Health Science Center at San	Blood banking/transfusion	0	0	2	0	0
31	[3074811018] University of Texas Health Science Center at San	Cytopathology	1	1	1	0	0
32	[3114821020] University of Texas Health Science Center at San	Hematology	1	1	1	0	0
33	[3164821020] University of Texas Health Science Center at San	Pediatric pathology	0	0	1	0	0
34	[3204821235] University of Texas Health Science Center at San	Pediatrics	15	44	0	15	0
35	[3234821072] University of Texas Health Science Center at San	Pediatric critical care	1	3	0	0	0
36	[3294821115] University of Texas Health Science Center at San	Neonatal-perinatal medicine	1	3	0	0	0
37	[3334821002] University of Texas Health Science Center at San	Pediatric sports medicine	1	1	0	0	0
39	[3404821067] University of Texas Health Science Center at San	Physical medicine and	6	25	0	6	0
40	[3454821022] University of Texas Health Science Center at San	Spinal cord injury medicine	1	1	0	0	0

Source: ACGME web site at www.acgme.org, March 2004

UTHSC San Antonio			A	B	C	D	E	
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>			<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>	
<u>Specialty</u>			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>	
41	[3604831134]	University of Texas Health Science Center at San	Plastic surgery	3	6	0	0	0
42	[4004831218]	University of Texas Health Science Center at San	Psychiatry	12	54	24	12	7
43	[4014821008]	University of Texas Health Science Center at San	Addiction psychiatry	1	1	1	0	0
44	[4054821126]	University of Texas Health Science Center at San	Child and adolescent	3	5	3	0	0
45	[4074821060]	University of Texas Health Science Center at San	Geriatric psychiatry	2	2	0	0	0
46	[4204821197]	University of Texas Health Science Center at San	Radiology-diagnostic	8	31	1	0	0
47	[4234821061]	University of Texas Health Science Center at San	Neuroradiology	0	0	2	0	0
48	[4274821031]	University of Texas Health Science Center at San	Vascular and interventional	1	1	2	0	0
49	[4304821100]	University of Texas Health Science Center at San	Radiation oncology	2	7	-1	0	0
50	[4404821338]	University of Texas Health Science Center at San	Surgery-general	30	71	5	30	5
51	[4424812081]	University of Texas Health Science Center at San	Surgical critical care	2	2	1	0	0
52	[4604821094]	University of Texas Health Science Center at San	Thoracic surgery	2	3	0	0	0
53	[4804821147]	University of Texas Health Science Center at San	Urology	2	8	0	0	0
54	[7154844024]	University of Texas Health Science Center at San	Internal Medicine/Psychiatry	0	0	0	0	0
55	[7304844010]	University of Texas Health Science Center at San	Peds/Psych/Child-	0	1	0	0	0
			Total	225	632	72	148	13

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

UT Health Center at Tyler			A	B	C	D	E
			<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>		<u>Specialty</u>	<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year</u>	<u>1st Year Unfilled</u>
			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Entering Filled</u>	<u>Positions</u>
1	[1204821464] University of Texas Health Center at Tyler Program	Family practice	7	20	1	7	0
2	[3804877091] University of Texas Health Center at Tyler Program	Preventive medicine	2	3	0	0	0
		Total	9	23	1	7	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Analysis by THECB, April 2004

UT MD Anderson Cancer Center			A	B	C	D	E
	<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
			<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>
			<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>
1	[1004813072] University of Texas MD Anderson Cancer Center Program	Dermatopathology	2	2	0	0	0
2	[2704813014] University of Texas MD Anderson Cancer Center Program	Musculoskeletal oncology	2	3	0	0	0
3	[3014812031] University of Texas MD Anderson Cancer Center Program A	Selective pathology	1	1	0	0	0
4	[3014821010] University of Texas MD Anderson Cancer Center Program	Selective pathology	14	14	0	0	0
5	[3054821044] University of Texas M D Anderson Cancer Center Program	Blood banking/transfusion	2	2	0	0	0
6	[3064821004] University of Texas M D Anderson Cancer Center Program	Chemical pathology	0	0	1	0	0
7	[3074821054] University of Texas M D Anderson Cancer Center Program	Cytopathology	6	6	0	0	0
8	[3114821019] University of Texas M D Anderson Cancer Center Program	Hematology	4	4	0	0	0
9	[4304822099] University of Texas M D Anderson Cancer Center Program	Radiation oncology	4	16	4	0	0
10	[4604813121] The University of Texas (MD Anderson Cancer Center)	Thoracic surgery	0	0	1	0	1
11	[0484821093] University of Texas at Houston (M D Anderson Cancer Center)	Pain management	4	4	0	0	0
12	[1474831039] University of Texas at Houston Program/Joint program	Oncology	14	26	0	0	0
13	[3274821038] University of Texas at Houston Program/Joint Program	Pediatric	2	6	1	0	0
14	[4274821078] University of Texas at Houston Program/Joint Program	Vascular and interventional	3	3	1	0	0
		Total	58	87	8	0	1

Source: ACGME web site at www.acgme.org, March 2004; institutional report April 2004

Baylor College of Medicine		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>		<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
<u>Specialty</u>							
1	[0204821063] Baylor College of Medicine Program	Allergy and immunology	4	8	-2	0	0
2	[0404831150] Baylor College of Medicine Program	Anesthesiology	8	61	-7	8	0
3	[0424821022] Baylor College of Medicine Program	Pediatric anesthesiology	1	1	0	0	0
4	[0804821087] Baylor College of Medicine Program	Dermatology	4	10	0	0	0
5	[1004821057] Baylor College of Medicine Program	Dermatopathology	1	1	0	0	0
6	[1204811306] Baylor College of Medicine Program	Family practice	10	33	3	10	2
7	[1304821012] Baylor College of Medicine Program	Medical genetics	1	8	0	1	1
8	[1404821422] Baylor College of Medicine Program	Internal medicine	55	146	20	55	4
9	[1414821106] Baylor College of Medicine Program	Cardiovascular disease	9	26	5	0	0
10	[1414821120] Baylor College of Medicine/St	Cardiovascular disease	6	18	1	0	0
11	[1424821091] Baylor College of Medicine Program	Critical care medicine	2	2	4	0	0
12	[1434821070] Baylor College of Medicine Program	Endocrinology, diabetes, and	4	8	0	0	0
13	[1444821085] Baylor College of Medicine Program	Gastroenterology	3	9	0	0	0
14	[1464821070] Baylor College of Medicine Program	Infectious disease	3	6	0	0	0
15	[1554821146] Baylor College of Medicine Program	Hematology/Oncology	6	20	0	0	0
16	[1484821070] Baylor College of Medicine Program	Nephrology	4	8	2	0	0
17	[1504821058] Baylor College of Medicine Program	Rheumatology	1	3	0	0	0
18	[1514831040] Baylor College of Medicine Program	Geriatric medicine	4	4	1	0	0
19	[1524821068] Baylor College of Medicine Program	Interventional cardiology	3	3	0	0	0
20	[1524823067] Baylor College of Medicine/St	Interventional cardiology	4	4	2	0	0
21	[1544811072] Baylor College of Medicine Program	Clinical cardiac electrophysiology	1	1	0	0	0
22	[1544813073] Baylor College of Medicine/St	Clinical cardiac electrophysiology	1	1	1	0	0
23	[1564821084] Baylor College of Medicine Program	Pulmonary disease and critical care	5	18	3	0	0
24	[1604821084] Baylor College of Medicine Program	Neurological surgery	3	15	0	0	0
25	[1804821110] Baylor College of Medicine Program	Neurology	6	18	0	6	0
26	[1854821018] Baylor College of Medicine Program	Child neurology	3	9	0	0	0
27	[1864833003] Baylor College of Medicine Program	Neurodevelopmental Disabilities	0	0	8	0	0
28	[1874821037] Baylor College of Medicine Program	Clinical neurophysiology	4	4	-1	0	0
29	[1904822007] Baylor College of Medicine Program	Molecular genetic pathology	1	1	1	0	0
30	[2004821075] Baylor College of Medicine Program	Nuclear medicine	1	2	0	0	0
31	[2204831286] Baylor College of Medicine Program	Obstetrics and gynecology	12	47	1	12	0
32	[2404821150] Baylor College of Medicine Program	Ophthalmology	6	18	0	0	0
33	[2604831049] Baylor College of Medicine Program	Orthopaedic surgery	5	26	-1	5	0
34	[2634831002] Baylor College of Medicine Program	Hand surgery	1	1	1	0	0
35	[2654831002] Baylor College of Medicine Program	Pediatric orthopaedics	0	0	2	0	0
36	[2674831026] Baylor College of Medicine Program	Orthopaedic surgery of the spine	2	2	-1	0	0
37	[2684831027] Baylor College of Medicine Program	Orthopaedic sports medicine	4	4	0	0	0
38	[2694821004] Baylor College of Medicine Program	Orthopaedic trauma	0	0	2	0	0
39	[2804831104] Baylor College of Medicine Program	Otolaryngology	4	16	0	0	0
40	[2884821005] Baylor College of Medicine Program	Pediatric otolaryngology	1	2	0	0	0
41	[3004831350] Baylor College of Medicine Program	Pathology-anatomic and clinical	6	22	6	6	1

Source: ACGME web site at www.acgme.org, April 2004; institutional report April 2004

Baylor College of Medicine		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>		<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
<u>Specialty</u>							
42	[3054831080] Baylor College of Medicine Program	Blood banking/transfusion medicine	0	0	1	0	0
43	[3074821023] Baylor College of Medicine Program	Cytopathology	4	4	0	0	0
44	[3114821012] Baylor College of Medicine Program	Hematology	1	1	0	0	0
45	[3154821047] Baylor College of Medicine Program	Neuropathology	0	0	2	0	0
46	[3164831009] Baylor College of Medicine Program	Pediatric pathology	2	2	0	0	0
47	[3204821232] Baylor College of Medicine Program	Pediatrics	41	122	22	41	7
48	[3214821016] Baylor College of Medicine Program	Adolescent medicine	1	3	0	0	0
49	[3234831044] Baylor College of Medicine Program	Pediatric critical care medicine	4	9	3	0	0
50	[3244831035] Baylor College of Medicine Program	Pediatric emergency medicine	4	11	1	0	0
51	[3254811047] Baylor College of Medicine Program	Pediatric cardiology	6	14	1	0	0
52	[3264821051] Baylor College of Medicine Program	Pediatric endocrinology	2	5	7	0	0
53	[3274821037] Baylor College of Medicine Program	Pediatric hematology/oncology	6	15	3	0	0
54	[3284821026] Baylor College of Medicine Program	Pediatric nephrology	0	1	2	0	0
55	[3294821057] Baylor College of Medicine Program	Neonatal-perinatal medicine	6	14	1	0	0
56	[3304821029] Baylor College of Medicine Program	Pediatric pulmonology	3	6	0	0	0
57	[3314821020] Baylor College of Medicine Program	Pediatric rheumatology	1	1	2	0	0
58	[3324821043] Baylor College of Medicine Program	Pediatric gastroenterology	2	4	2	0	0
59	[3334821004] Baylor College of Medicine Program	Pediatric sports medicine	1	1	0	0	0
60	[3354811055] Baylor College of Medicine Program	Pediatric infectious diseases	1	6	1	0	0
61	[3404821066] Baylor College of Medicine Program	Physical medicine and rehabilitation	11	30	9	0	0
62	[3454813021] Baylor College of Medicine Program	Spinal cord injury medicine	0	0	1	0	0
63	[3604831099] Baylor College of Medicine Program	Plastic surgery	3	18	0	3	0
64	[3634831008] Baylor College of Medicine Program	Hand surgery	2	2	0	0	0
65	[4004821213] Baylor College of Medicine Program	Psychiatry	14	46	0	14	0
66	[4054821125] Baylor College of Medicine Program	Child and adolescent psychiatry	5	8	0	0	0
67	[4204821195] Baylor College of Medicine Program	Radiology-diagnostic	8	30	0	0	0
68	[4234821060] Baylor College of Medicine Program	Neuroradiology	1	1	2	0	0
69	[4244821016] Baylor College of Medicine Program	Pediatric radiology	1	1	2	0	0
70	[4274812107] Baylor College of Medicine Program	Vascular and interventional radiology	0	0	2	0	0
71	[4304821098] Baylor College of Medicine Program	Radiation oncology	3	6	0	0	0
72	[4404821334] Baylor College of Medicine Program	Surgery-general	25	61	7	25	8
73	[4424812078] Baylor College of Medicine/Ben	Surgical critical care	0	0	2	0	0
74	[4454821020] Baylor College of Medicine Program	Pediatric surgery	1	2	0	0	0
75	[4504821016] Baylor College of Medicine Program	Vascular surgery	3	3	0	0	0
76	[4604821092] Baylor College of Medicine Program	Thoracic surgery	3	6	0	0	0
77	[4804821145] Baylor College of Medicine Program	Urology	3	13	0	0	0
78	[4854821008] Baylor College of Medicine Program	Pediatric urology	1	1	0	0	0
79	[7004844074] Baylor College of Medicine Program	Internal Medicine/Pediatrics	8	31	0	8	0
80	[9994800139] Baylor College of Medicine Program	Transitional year	18	18	0	18	0
Total			394	1082	124	212	23

Source: ACGME web site at www.acgme.org, April 2004; institutional report April 2004

Austin Medical Education Programs of Seton		A	B	C	D	E
Residency Program Number and Name	Specialty	Number of	Number of	Number of	Number of	Number of
		1st Year Filled	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled Positions	1st Year Unfilled Positions
1	[1204811302] Austin Medical Education Programs of Seton Healthcare	7	21	0	7	0
2	[1404812415] Austin Medical Education Programs of Seton Healthcare	13	33	6	13	2
3	[3204831228] Austin Medical Education Programs of Seton Healthcare	10	32	1	10	0
4	[4004813299] Austin Medical Education Programs of Seton Healthcare	4	15	1	4	0
5	[4054813181] Austin Medical Education Programs of Seton Healthcare	2	4	2	0	0
6	[9994800133] Austin Medical Education Programs of Seton Healthcare	6	6	0	6	0
Total		42	111	10	40	2

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

Baylor University Medical Center (Garland and Dallas)			A	B	C	D	E
			Number of	Number of	Number of	Number of	Number of
Residency Program Number and Name			1st Year Filled	Total Filled	Total Unfilled	1st Year Entering	1st Year Unfilled
Specialty			Positions	Positions	Positions	Filled Positions	Positions
1	[1204821574] Baylor Medical Center at Garland Program	Family practice	6	18	0	6	0
2	[0604821021] Baylor University Medical Center Program	Colon and rectal surgery	2	2	0	0	0
3	[1404831416] Baylor University Medical Center Program	Internal medicine	11	29	0	11	0
4	[1414831176] Baylor University Medical Center Program	Cardiovascular disease	2	6	0	0	0
5	[1444831148] Baylor University Medical Center Program	Gastroenterology	1	3	1	0	0
6	[1474831076] Baylor University Medical Center Program	Oncology	3	3	2	0	0
7	[1524831132] Baylor University Medical Center Program	Interventional cardiology	1	1	0	0	0
8	[1544812100] Baylor University Medical Center Program	Clinical cardiac	0	0	1	0	0
9	[2204831280] Baylor University Medical Center Program	Obstetrics and gynecology	4	16	0	4	0
10	[3004812343] Baylor University Medical Center Program	Pathology-anatomic and	3	17	1	3	2
11	[3404831064] Baylor University Medical Center Program	Physical medicine and	3	9	0	0	0
12	[3414813005] Baylor University Medical Center (Oklahoma)	Pain Management	0	0	1	0	0
13	[4204822190] Baylor University Medical Center Program	Radiology-diagnostic	7	22	6	0	0
14	[4274821043] Baylor University Medical Center Program	Vascular and interventional	0	0	2	0	0
15	[4404821328] Baylor University Medical Center Program	Surgery-general	13	43	2	13	0
16	[4504821028] Baylor University Medical Center Program	Vascular surgery	2	2	0	0	0
Total			58	171	16	37	2

Source: ACGME web site at www.acgme.org, March 2004; institutional report, April 2004

Bexar County Medical Examiner's Office		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>		<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>	
<u>Specialty</u>		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>	
1	[3104821044] Bexar County Forensic Science Center Program	Forensic pathology	1	1	1	0	0
		Total	1	1	1	0	0

Source: ACGME web site at www.acgme.org, March 2004: and institutional report, April 2004

Christus St Joseph Hospital (Houston)		A	B	C	D	E
Residency Program Number and Name	Specialty	Number of	Number of	Number of	Number of	Number of
		<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>
		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>
1 [1204821565] Christus St Joseph Hospital Program	Family practice	8	24	0	8	0
2 [2204831288] Christus St Joseph Hospital Program	Obstetrics and gynecology	4	16	0	4	0
3 [3604812100] Christus St Joseph Hospital Program	Plastic surgery	2	4	0	0	0
4 [4404822335] Christus St Joseph Hospital Program	Surgery-general	6	19	2	6	2
5 [9994800140] Christus St Joseph Hospital Program	Transitional year	12	12	0	12	0
	Total	32	75	2	30	2

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Christus Santa Rosa (San Antonio)		A	B	C	D	E
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>First Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>
		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>
1	[1204821616] Christus Santa Rosa Health Care Program	5	19	2	5	2
	Total	5	19	2	5	2

Source: ACGME web site at www.acgme.org, March 2004, and institutional report, April 2004

Analysis by THECB, April 2004

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Conroe Medical Foundation		A	B	C	D	E
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering Filled</u>	<u>1st Year Unfilled</u>
		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Positions</u>
1	[1204821454] Conroe Medical Education Foundation	7	21	3	7	1
	Total	7	21	3	7	1

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Analysis by THECB, April 2004

H-22

Driscoll Children's Hospital		A	B	C	D	E	
		Number of	Number of	Number of	Number of	Number of	
Residency Program Number and Name		1st Year Filled	Total Filled	Total Unfilled	1st Year Entering Filled	1st Year Unfilled	
Specialty		Positions	Positions	Positions	Positions	Positions	
1	[3204811229] Driscoll Children's Hospital Program	Pediatrics	14	40	2	14	0
Total		14	40	2	14	0	

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Harris County Medical Examiner		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
1	[3104821080] Harris County Medical Examiner Department	Forensic Pathology	1	2	0	0	0
		Total	1	2	0	0	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

John Peter Smith Hospital (Fort Worth)		A	B	C	D	E
Residency Program Number and Name	Specialty	Number of	Number of	Number of	Number of	Number of
		1st Year Filled Positions	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled Positions	1st Year Unfilled
1	[1254821039] University of Texas Southwestern Medical School (Fort Worth) Program	2	2	0	0	0
2	[1274821073] University of Texas Southwestern Medical School (Fort Worth) Program	2	2	0	0	0
3	[2204822284] John Peter Smith Hospital (Tarrant County Hospital District) Program	4	16	0	4	0
4	[2604822100] John Peter Smith Hospital (Tarrant County Hospital District) Program	3	15	0	3	0
5	[4004821282] John Peter Smith Hospital (Tarrant County Hospital District) Program	4	17	-1	4	0
6	[9994800168] John Peter Smith Hospital (Tarrant County Hospital District) Program	12	12	0	12	0
	Total	27	64	-1	23	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Memorial Hermann Hospital System		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
1	[1204821307] Memorial Hermann Hospital System Program	Family practice	15	44	4	15	1
2	[1274812060] Memorial Hermann Hospital System Program	Sports medicine	2	2	0	0	0
		Total	17	46	4	15	1

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Methodist Hospitals of Dallas		A	B	C	D	E
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>		<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>
1	1404812417] Methodist Hospitals of Dallas Program	6	18	0	6	0
2	[2204831281] Methodist Hospitals of Dallas Program	3	10	2	3	0
3	[4404812329] Methodist Hospitals of Dallas Program	6	11	1	6	-1
Total		15	39	3	15	-1

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

Presbyterian Hospital (Dallas)		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year Entering</u>	<u>1st Year Unfilled</u>	
		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Filled Positions</u>	<u>Positions</u>	
1	[0604821022] Presbyterian Hospital of Dallas Program	Colon and rectal surgery	1	1	0	0	0
2	[1404811420] Presbyterian Hospital of Dallas Program	Internal medicine	12	24	0	12	0
		Total	13	25	0	12	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

San Jacinto Methodist Hospital		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>	
1	[1204821432] San Jacinto Methodist Hospital Program	Family practice	8	24	0	8	0
		Total	8	24	0	8	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Spohn Memorial Hospital (Corpus Christi)		A	B	C	D	E
		Number of	Number of	Number of	Number of	Number of
Residency Program Number and Name	Specialty	1st Year Filled Positions	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled Positions	1st Year Unfilled Positions
1	[1204822303] Spohn Memorial Hospital Program	12	36	0	12	0
Total		12	36	0	12	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Analysis by THECB, April 2004

Southwestern Institute of Forensic Sciences		A	B	C	D	E	
Residency Program Number and Name	Specialty	Number of	Number of	Number of	Number of	Number of	
		1st Year	Total Filled	Total Unfilled	1st Year	1st Year	
		Filled	Positions	Positions	Entering Filled	Unfilled	
		Positions		Positions	Positions	Positions	
1	[3104811028] Southwestern Institute of Forensic Sciences Program	Forensic pathology	2	2	1	0	0
		Total	2	2	1	0	0

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

Texas Department of Health		A	B	C	D	E	
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	
<u>Residency Program Number and Name</u>		<u>1st Year Filled</u>	<u>Total Filled</u>	<u>Total Unfilled</u>	<u>1st Year</u>	<u>1st Year</u>	
<u>Specialty</u>		<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Entering Filled</u>	<u>Unfilled</u>	
					<u>Positions</u>	<u>Positions</u>	
1	[3804888105] Texas Department of Health Program	Preventive medicine	1	1	0	0	0
		Total	1	1	0	0	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional report, April 2004

Texas Heart Institute		A	B	C	D	E
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>
1	[4604821093] Texas Heart Institute Program	3	7	0	0	0
Total		3	7	0	0	0

Source: ACGME web site at www.acgme.org, March 2004; institutional report, April 2004

Valley Baptist Medical Center		A	B	C	D	E
		<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
<u>Residency Program Number and Name</u>	<u>Specialty</u>	<u>1st Year Filled Positions</u>	<u>Total Filled Positions</u>	<u>Total Unfilled Positions</u>	<u>1st Year Entering Filled Positions</u>	<u>1st Year Unfilled Positions</u>
1 [1204821593] Valley Baptist Medical Center Program	Family practice	5	15	0	5	0
	Total	5	15	0	5	0

Source: ACGME web site at www.acgme.org, March 2004; and institutional response April 2004

World Craniofacial Foundation (Dallas)		A	B	C	D	E
		Number of	Number of	Number of	Number of	Number of
Residency Program Number and Name	Specialty	1st Year Filled Positions	Total Filled Positions	Total Unfilled Positions	1st Year Entering Filled	1st Year Unfilled Positions
1	[3614821002] World Craniofacial Foundation Program	1	1	1	0	0
	Total	1	1	1	0	0

Source: ACGME web site at www.acgme.org, March 2004

Analysis by THECB, March 2004

APPENDIX I

House and Senate Committees Interim Charges 78th Legislature

House Appropriations Subcommittee on Graduate Medical Education

Evaluate funding streams for GME for viability in light of changes in Medicaid. Include review of role of state's teaching hospitals in indigent health care and role of GME in addressing health care needs of underserved regions.

Senate Subcommittee on Higher Education

Review and make recommendations relating to the adequacy of funding for graduate medical education, including funding required for professors, facilities, research programs and students. Review and make recommendations relating to increasing the number of health professionals.

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Appendix B: Accountability Measures

Draft General Academic Accountability Measures						
Measure	Group Targets FY 08					
	Emerging	Research	Research	Doctoral	Comp. Masters	
Participation						
Key Measures						
1	Enrollment: Number and percent of undergraduate, master's, doctoral, and professional students enrolled on the 12th day of class, disaggregated by gender, ethnicity, age, and level.	0%	6%	8%	12%	12%
	African-American Enrollment increase*	To Be Determined				
	Hispanic Enrollment increase*	To Be Determined				
2	FTE Enrollment: Number and percent of undergraduate, graduate, and professional FTE students enrolled, disaggregated by gender, ethnicity, and age.	0%	4%	6%	10%	12%
	African-American FTE Enrollment increase*	To Be Determined				
	Hispanic FTE Enrollment increase*	To Be Determined				
Contextual Measure - Participation						
3	Percent of first-time undergraduates from the top ten percent of their Texas high school class					
4	Percentage of first-time in college entering applicants accepted, and the percentage of those accepted who enroll					
5	Ethnic composition of high school graduates in Texas					
6	Percent of enrollment that are transfers from Texas two-year colleges with at least 30 SCH.					
7	Semester Credit Hours: Total number of graduate and undergraduate semester credit hours					
Success						
Key Measures						
8	Graduation Rate: four, five, and six-year graduation rate of first-time, full-time degree seeking undergraduates by ethnicity	Percentage Point Change				
	Four-Year Rate	1.5 points	3 points	3 points	3 points	3 points
	Five-Year Rate	1 point	5 points	4.5 points	4 points	4 points
	Six-Year Rate	.5 point	3 points	5 points	5 points	5 points
9	Graduates: Number of graduates by level and race/ethnicity & gender	Percent Change				
	Total degrees	0%	15%	15%	15%	15%
	African-American degrees	3% ug/10% grad	10%	10%	10%	10%
	Hispanic degrees	3% ug/10% grad	10%	10%	10%	10%
10	Graduation and Persistence rate: Percent of first-time, full-time, degree-seeking undergraduates who have graduated or are still enrolled in higher education after six academic years (by total and race/ethnicity)					

Draft General Academic Accountability Measures						
Measure	Group Targets FY 08					
	Research	Research	Doctoral	Comp.	Masters	
11	Computer science, engineering, math, and physical science graduates both undergraduate and graduate					
12	Nursing and allied health graduates both undergraduate and graduate					
13	Number of students taking the certification exam for teacher education and the pass rates by ethnicity					
Contextual Measure - Success						
14	Enrollment: Percent of first-time students 19 and under					
15	Financial aid: Percent of students receiving Pell Grants					
16	Part-time Undergraduate Students: The number and percent of part-time first-time degree seeking undergraduates.					
17	Persistence Rate: First-time degree-seeking undergraduate students who remain enrolled after one and two academic years (by total and race/ethnicity)					
18	Developmental education: Percent of first-time, full-time, degree-seeking undergraduates needing developmental education who have graduated or are still enrolled in higher education after six academic years (by total and race/ethnicity)					
19	Developmental education: Percent of first-time, full-time, degree-seeking undergraduates needing developmental education by ethnicity					
20	Graduation Rate for two-year college students who completed at least 30 SCH before transferring to a university					
21	Percent of baccalaureate graduates completing at least 30 SCH at a Texas two-year college					
22	Graduation Rates for master's, and doctoral programs					
Excellence						
Key Measures						
		Percent Change				
23	Percent lower division SCH taught by tenure/tenure-track faculty	3%	3%	3%	5%	4.5%
		Percentage Point Change				
24	FTE student/FTE faculty ratio	(.5 point)	(1 point)	(2 points)	(1 point)	Maintain current ratio
25	Percent of baccalaureate graduates either employed or enrolled in a Texas graduate or professional school within one year of graduation					
26	Certification or licensure, Licensure/certification rate on state or national exams (law, pharmacy, nursing, engineering)					
27	Class size: the average class size of lower division classes					
28	Percent of FTE faculty who are Tenure/Tenure-Track					
Contextual Measure - Excellence						

Draft General Academic Accountability Measures						
Measure	Group Targets FY 08					
	Research	Research	Doctoral	Comp.	Masters	
48	Total Revenue: Total general revenue per FTE student and per FTE faculty.					
Contextual Measures- Institutional Efficiencies and Effectiveness						
49	Average cost of resident undergraduate tuition and fees for 30 semester credit hours*					
50	Square footage E&G classroom and square footage E&G lab space per full-time equivalent student*					
51	Endowment- Total					
52	Endowment- Per FTE Student					
53	Total Revenue: Total revenue by tuition & fees, state appropriation, federal, and institutional funds					

Health-Related Institutions Draft Accountability Measures		
		Percent Change
Participation		
Key Measures		
1	Enrollment: Number and percent of undergraduate, graduate, and professional students enrolled on the 12th day of class, disaggregated by gender, ethnicity, age, and level.	5.25%
	African-American Enrollment	
	Hispanic Enrollment	
Contextual Measures - Participation		
2	School Enrollment: Number and percent of undergraduate, graduate, and professional students enrolled on the 12th day of class, disaggregated by school (nursing, dental, pharmacy, etc.), gender, ethnicity, age, and level.	
	Optional Measure: for institutional selection if desired	
	Optional Measure: for institutional selection if desired	
Key Measures - Success		
3	Graduates: Number of graduates by level, ethnicity, and gender both academic and professional.	5.25%
	African-American graduates	5.25%
	Hispanic graduates	5.25%
4	Nursing and allied health graduates both undergraduate and graduate.	12%
Contextual Measures - Success		
5	Graduation Rates for master's, and doctoral programs*	
	Optional Measure: for institutional selection if desired	
	Optional Measure: for institutional selection if desired	
Key Measures - Excellence		
6	Certification or licensure, licensure/certification rate on state or national Nursing exams.	90% pass rate
7	Certification or licensure, licensure/certification rate on state or national Allied Health exams.	90% pass rate
8	National Board exam first-time pass rate for medical students.	95% pass rate
9	National board exam first-time pass rate for dental students.	95% pass rate
10	Percent of baccalaureate graduates either employed or enrolled in a Texas graduate or professional school within one year of graduation	
11	Faculty: Faculty awards (National Academy of Science, National Academy of Engineering, Nobel prize winners, Academy of Arts and Sciences, Institute of Medicine, Institute of Dental Research, American Academy of Nursing)	
Contextual Measures - Excellence		
12	FTE student/FTE faculty ratio.	
13	Percent of faculty who are Tenure/Tenure-Track by ethnicity and gender.	
14	Faculty: Ethnicity and gender.	
15	Faculty: Salaries and trends, compared to national average by appointment level.	
16	Endowed Chairs: Total number of endowed professorships and chairs, number and percent of those filled, and percent of total tenure/tenure-track faculty.	

Health-Related Institutions Draft Accountability Measures		Percent Change
	Optional Measure: for institutional selection if desired	
	Optional Measure: for institutional selection if desired	
Key Measures - Research		
17	Research Funds: Dollar amount of sponsored (external) research expenditures.	9%
18	FTE Faculty: Ratio of sponsored research expenditures to FTE tenured/tenure-track faculty.	9%
19	Research Funds: Amount of sponsored (external) research funds as a percent of general revenue appropriations.	
Contextual Measures - Research		
20	FTE Faculty: Number and percent of FTE tenured/tenure-track holding extramural grants (all sources and types).	
21	Research expenditures by source of funds (federal, state, private, institutional).	
22	Patents: Number of patents issued.	
	Optional Measure: for institutional selection if desired	
	Optional Measure: for institutional selection if desired	
Key Measures - Institutional Efficiencies and Effectiveness		
24	Administrative Costs: Amount expended for administrative costs as a percent of operating budget.	5% decrease
25	Administrative Costs: Amount expended for hospital administrative costs as a percent of hospital total expenditures.	
26	Total revenue from tuition & fees, state appropriation, federal funds, institutional funds.	
27	Appropriations: Appropriated funds per FTE student and per FTE faculty.	
28	Facilities: Total replacement cost value of existing physical plant	
29	Expenditures: All funds expenditures per FTE student.	
Contextual Measures - Institutional Efficiencies and Effectiveness		
30	Average cost of tuition and fees for 30 resident undergraduate semester credit hours*	
31	Endowment: Total dollar amount of endowment and ratio per FTE student and per FTE faculty.	
32	Construction projects: Total projected cost, number of projects, # sq. ft. to be added	
33	Total revenue by tuition & fees, state appropriation, federal funds, and institutional funds	
34	Historically Underutilized Business trends	
	Optional Measure: for institutional selection if desired	
	Optional Measure: for institutional selection if desired	
Patient Care Measures		
35	Resident Physicians: Number of residents in ACGME or AOA -accredited programs	6%
36	Resident Physicians: Number of primary care residents in ACGME or AOA -accredited programs	1.50%

Health-Related Institutions Draft Accountability Measures		Percent Change
37	Total charges for inpatient and outpatient unsponsored charity care in state-owned and affiliated facilities.	
38	Total charges for inpatient and outpatient care in state-owned and affiliated facilities.	
39	Total number of outpatient visits	
40	Total number of inpatient days	
41	WHEN APPROPRIATE: Ratio of admissions, charity care, hospital days, and clinic visits to General Revenue for state-owned hospitals	
42	WHEN APPROPRIATE: TDCJ inpatient and outpatient care provided in ON-campus facilities	

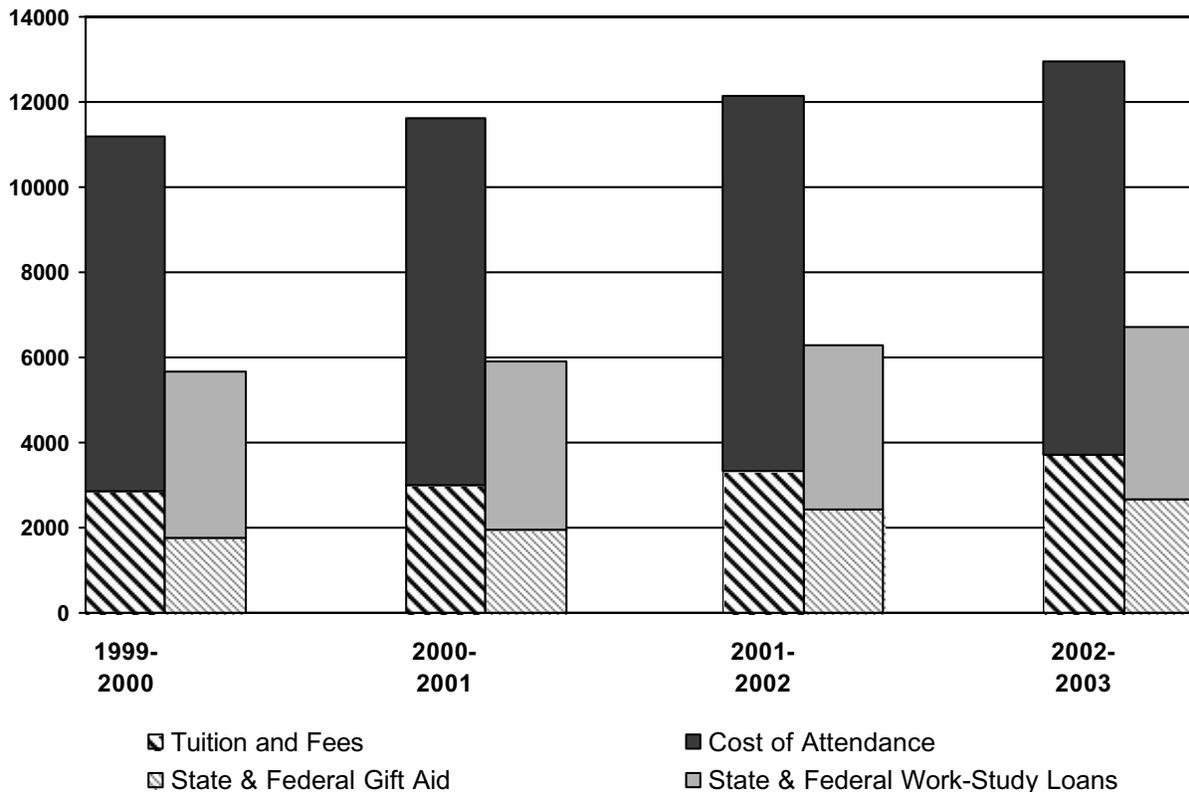
Draft Texas State Technical Colleges and Lamar State College		
Accountability Measures		
	Targets	
Participation	Percent Change	
Key Measures		
1	Enrollment: Number and percent of undergraduate students enrolled on the census day, disaggregated by gender, ethnicity, FT/PT, academic/technical and age.	9%
	African-American Enrollment	9%
	Hispanic Enrollment	9%
2	FTE Enrollment: Number and percent of FTE students enrolled, disaggregated by gender, ethnicity and age.	
	Credit FTE	9%
	African-American FTE	5%
	Hispanic FTE	5%
	Continuing Education FTE	9%
Contextual Measures - Participation		
3	Ethnic composition of high school graduates in Texas (by service area for each CTC, if possible); disaggregate by age and ethnicity	
4	Semester Credit Hours: Total number of semester credit hours	
5	Contact Hours: Total number of undergraduate contact hours	
Success		
Key Measures - Success		Percent Change
6	Graduation Rate: three-year graduation rate of first-time, full-time credential seeking undergraduates by gender and ethnicity	3%age points
7	Graduation Rate: three-year graduation rate of first-time, part-time credential seeking undergraduates by gender and ethnicity	3%age points
8	Graduates: Number of graduates by gender, ethnicity	5%
9	Computer science, engineering, math, and physical science graduates	8%
10	Nursing and allied health graduates	8%
11	Graduation and Persistence rate: Percent of first-time, full-time, degree-seeking undergraduates who have graduated or are still enrolled in higher education after six academic years (by gender and ethnicity)	
12	Graduation and Persistence rate: Percent of first-time, part-time, degree-seeking undergraduates who have graduated or are still enrolled in higher education after six academic years (by gender and ethnicity)	
13	Number of students who transfer to senior institutions with at least 30 SCH	
Contextual Measures - Success		
14	Financial aid: Percent of students receiving Pell Grants by gender/ethnicity	
15	Part-time Undergraduate Students: The number and percent of credential seeking students by FT/PT and gender/ethnicity	
16	Persistence Rate: First-time credential-seeking undergraduate students who remain enrolled after one and two academic years (by gender, ethnicity and age)	

Draft Texas State Technical Colleges and Lamar State College Accountability Measures		Targets
		Percent Change
17	Developmental education: Number and percent of developmental education students who subsequently meet TSI requirements and who then successfully complete a general education core curriculum course in the area of deficiency (by gender/ethnicity and age) – (data not available until 2005)	
18	Percent of graduates either employed or enrolled in a Texas senior institution within one year of graduation, by gender and ethnicity	
19	Number of Marketable Skills Awards completers by gender and ethnicity	
20	Number of students obtaining alternative certification for teacher education and the pass rates by gender and ethnicity	
21	Number of Associates of Arts completers in Teaching by gender and ethnicity.	
Excellence:		
Key Measures - Excellence		Percent Change
22	Percent of contact hours taught by full-time faculty	6%
23	FTE student/FTE faculty ratio	
Contextual Measures - Excellence		
24	Certification or licensure: Licensure/certification rate on state or national exams (e.g., nursing, cosmetology, EMT, etc.)	
25	Percent of faculty who have advanced degrees, by gender/ethnicity	
26	Class size: the average class size	
27	Faculty: Number and percent of faculty who are FT/PT by gender and ethnicity	
28	Employment: Percent of associate graduates employed in Texas within one year following graduation	
29	Percent of associate degree graduates enrolled in a Texas senior institution within one year of graduation	
30	Percent of course sections taught by faculty who are full-time faculty.	
Research:		
Key Measures - Research		
	Another qualitative item will be added to allow local listing of federal \$ dedicated to research.	
Institutional Efficiencies and Effectiveness		
Key Measures - Institutional Efficiencies and Effectiveness		Percent Change
31	Administrative costs: Amount expended for administrative costs as a percent of operating budget.	(5%) decrease
32	Facilities: Space utilization rate of classrooms and labs	
33	Classroom utilization	2 hrs/wk
34	Lab utilization	.5 hrs/wk
35	Appropriations: Appropriated funds per FTE student and per FTE faculty.	
36	Historically Underutilized Business trends	
37	Expenditures: Instructional expenditures per FTE student	
Contextual Measures- Institutional Efficiencies and Effectiveness		

Appendix C: Cost of Attendance vs. Available Financial Aid

COST OF ATTENDANCE VS. Available Financial Aid

Texas Public Universities



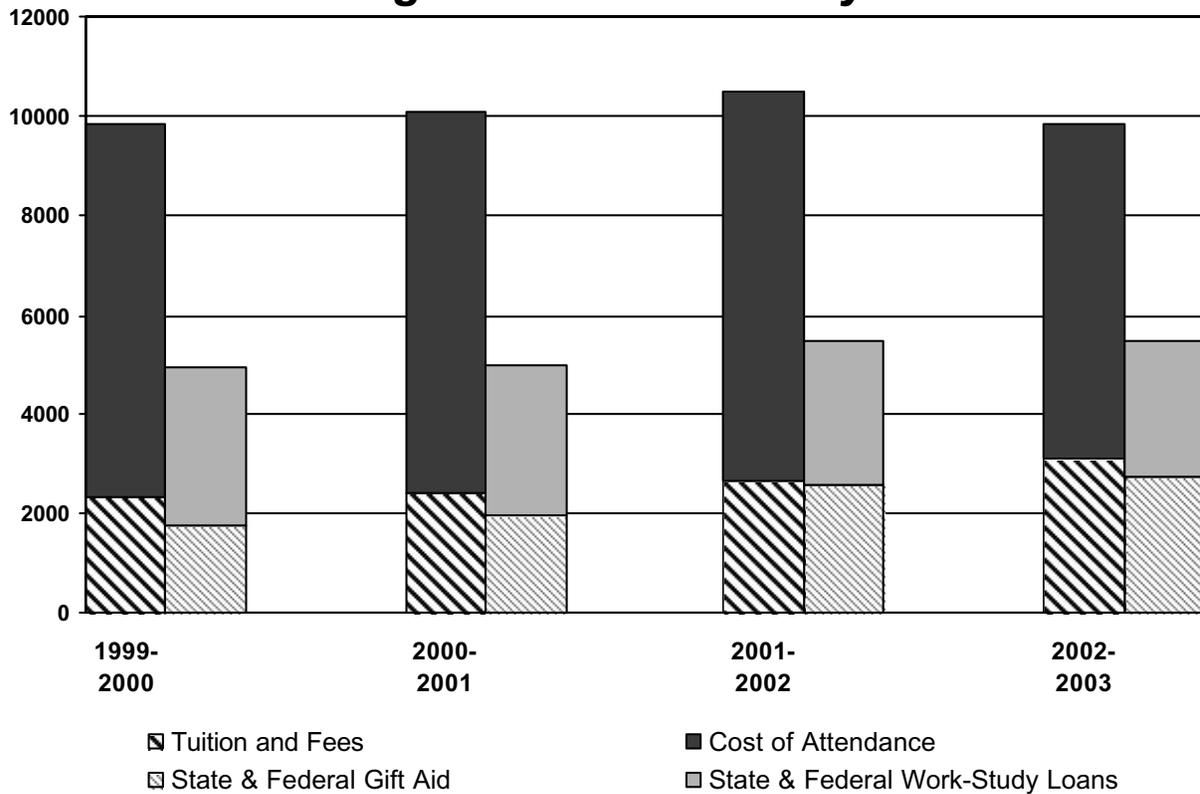
	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,833.66	2,990.58	3,334.66	3,724.26
Other Costs of Attendance (books, room & board, etc.)	8,357.37	8,638.66	8,791.50	9,210.68
Total Cost of Attendance	11,191.03	11,629.24	12,126.16	12,934.94

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	467.55	545.64	828.39	1,042.75
Average Federal Gift Aid Awarded	1,266.22	1,383.41	1,579.24	1,611.45
Average State Self-Help (Work-Study and Loans)	53.68	55.47	51.19	41.33
Average Federal Self-Help (Work-Study and Loans)	3,848.38	3,882.80	3,814.76	4,033.56
Total Financial Aid	5,635.83	5,867.32	6,273.58	6,729.09

- * Tuition and fees based on 15 SCH per semester.
- ** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.
- *** Federal Programs include: Pell, SEOG, Byrd, SLEAP.
- **** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.
- ***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.
- ***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Angelo State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2300	2380	2664	3,084.00
Other Costs of Attendance (books, room & board, etc.)	7528	7710	7832.27	6,757.58
Total Cost of Attendance	9,828.00	10,090.00	10,496.27	9,841.58

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	343.48	452.01	833.71	1,034.50
Average Federal Gift Aid Awarded	1,404.67	1,481.99	1,713.01	1,676.45
Average State Self-Help (Work-Study and Loans)	41.59	37.46	32.77	14.33
Average Federal Self-Help (Work-Study and Loans)	3,119.34	3,008.32	2,885.33	2,706.22
Total Financial Aid	4,909.09	4,979.77	5,464.83	5,431.50

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

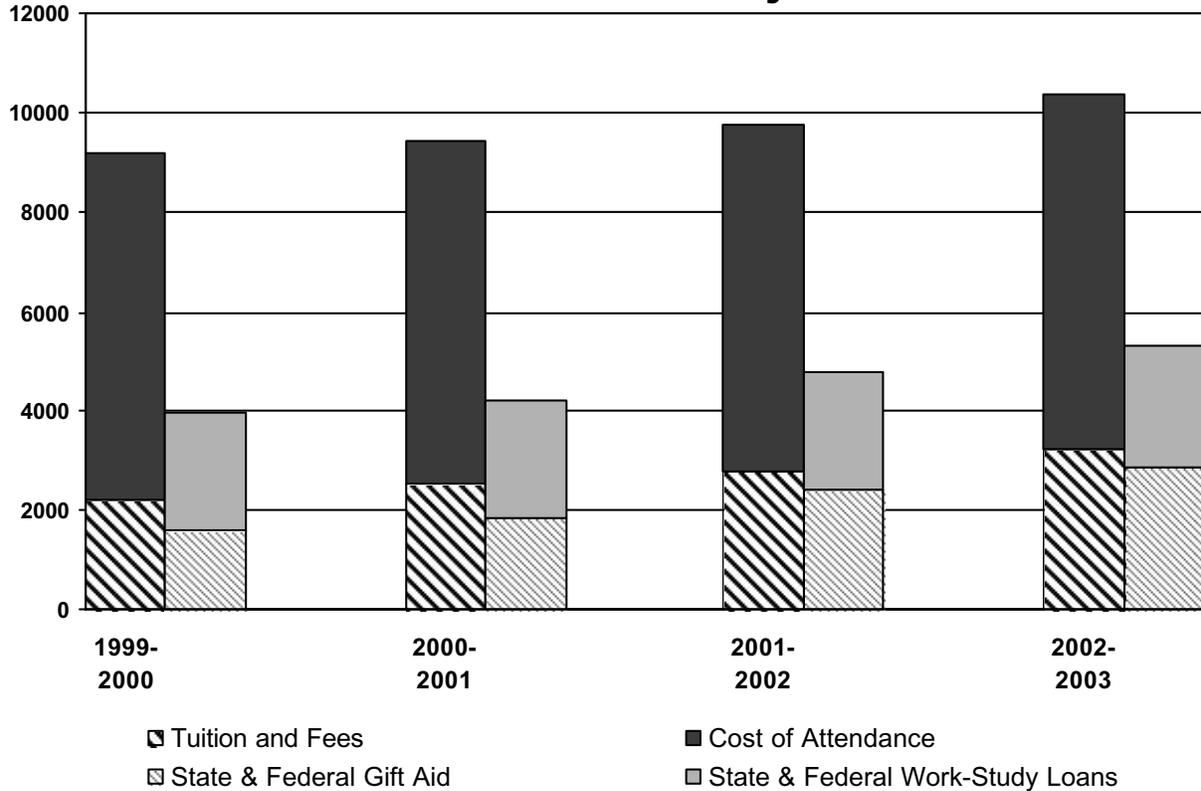
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Lamar University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,196.00	2,531.00	2,771.00	3,211.00
Other Costs of Attendance (books, room & board, etc.)	7,001.91	6,906.10	6,977.86	7,152.42
Total Cost of Attendance	9,197.91	9,437.10	9,748.86	10,363.42
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	443.73	471.81	707.29	1,161.80
Average Federal Gift Aid Awarded	1,146.77	1,365.51	1,673.80	1,704.70
Average State Self-Help (Work-Study and Loans)	6.67	6.97	5.36	5.41
Average Federal Self-Help (Work-Study and Loans)	2,363.64	2,357.39	2,358.36	2,411.42
Total Financial Aid	3,960.81	4,201.68	4,744.81	5,283.33

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

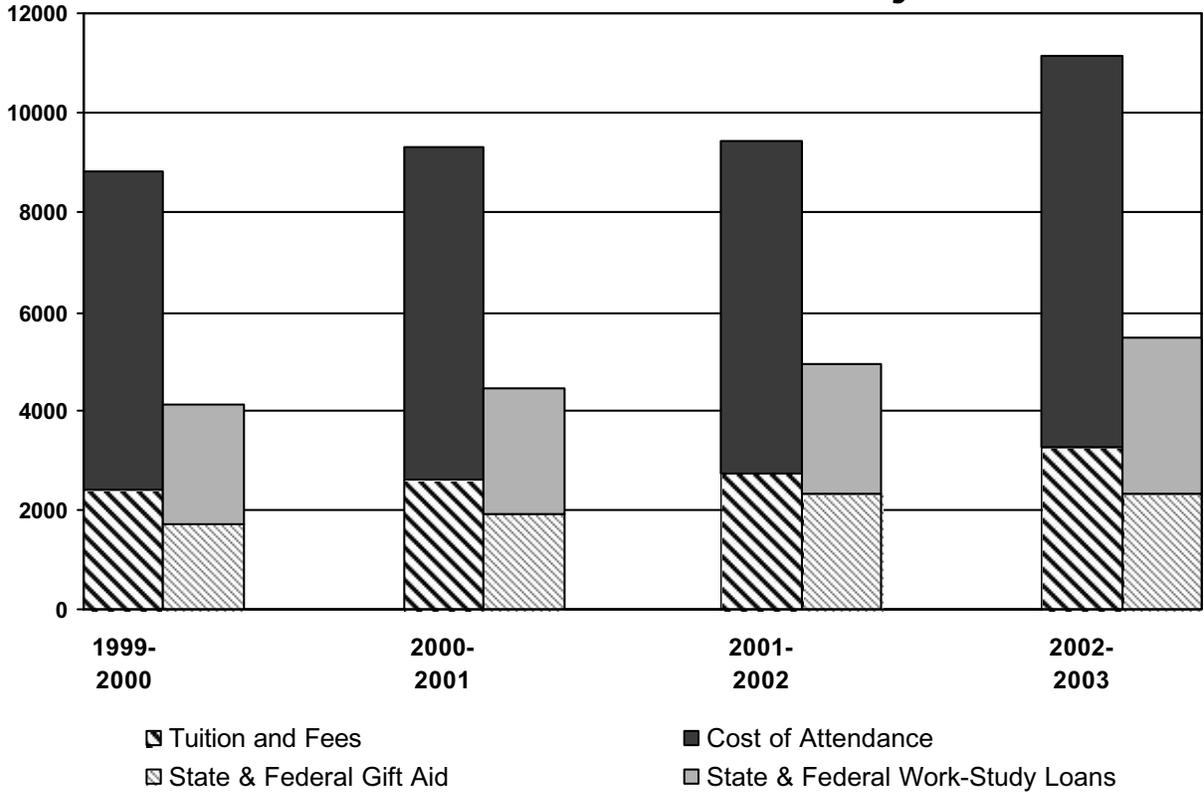
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Midwestern State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,396.00	2,612.00	2,724.00	3,266.00
Other Costs of Attendance (books, room & board, etc.)	6,447.06	6,686.79	6,695.82	7,882.53
Total Cost of Attendance	8,843.06	9,298.79	9,419.82	11,148.53
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	441.64	535.57	762.34	801.03
Average Federal Gift Aid Awarded	1,248.89	1,385.94	1,548.67	1,499.45
Average State Self-Help (Work-Study and Loans)	8.71	17.24	10.47	19.54
Average Federal Self-Help (Work-Study and Loans)	2,408.02	2,489.38	2,598.27	3,146.68
Total Financial Aid	4,107.25	4,428.14	4,919.75	5,466.70

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

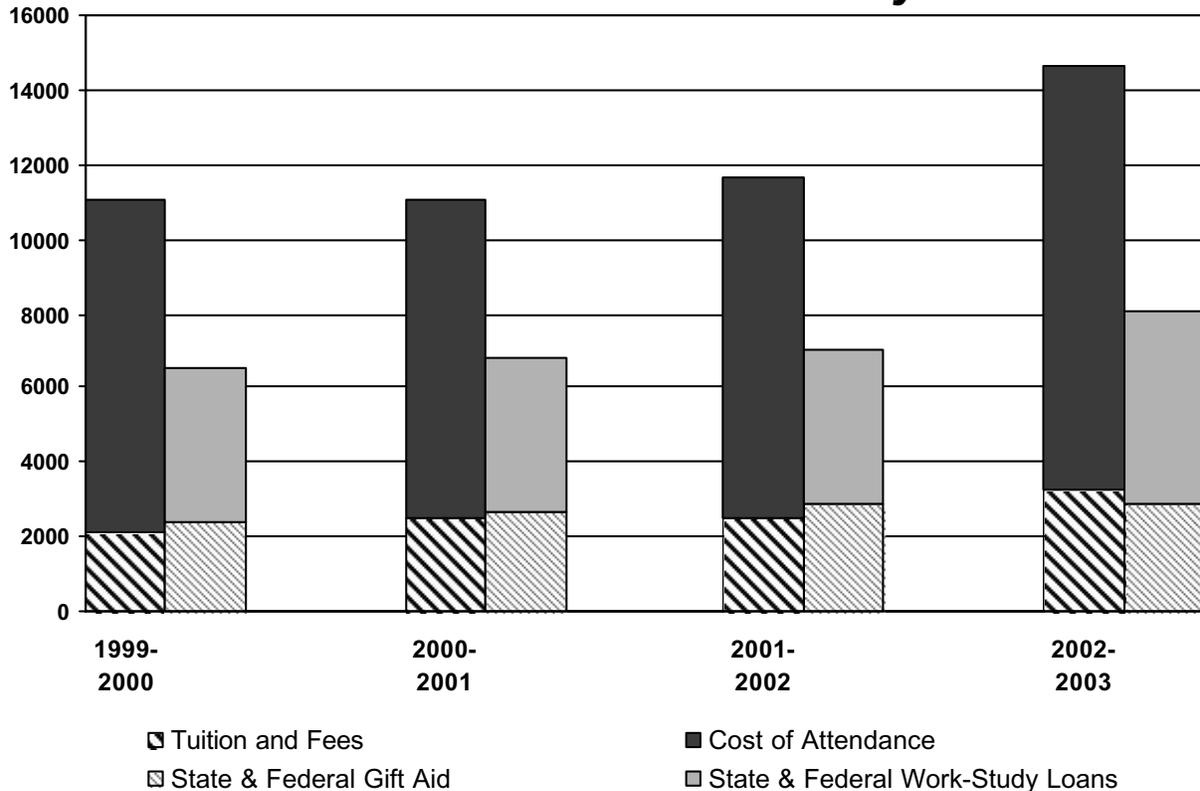
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Prairie View A&M University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,141.00	2,496.00	2,496.00	3,232.00
Other Costs of Attendance (books, room & board, etc.)	8,913.59	8,558.40	9,183.56	11,387.65
Total Cost of Attendance	11,054.59	11,054.40	11,679.56	14,619.65
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	497.71	511.12	892.96	1,010.91
Average Federal Gift Aid Awarded	1,910.12	2,134.96	1,989.14	1,856.10
Average State Self-Help (Work-Study and Loans)	-	7.92	7.20	7.02
Average Federal Self-Help (Work-Study and Loans)	4,107.55	4,135.08	4,131.26	5,233.91
Total Financial Aid	6,515.37	6,789.08	7,020.55	8,107.94

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

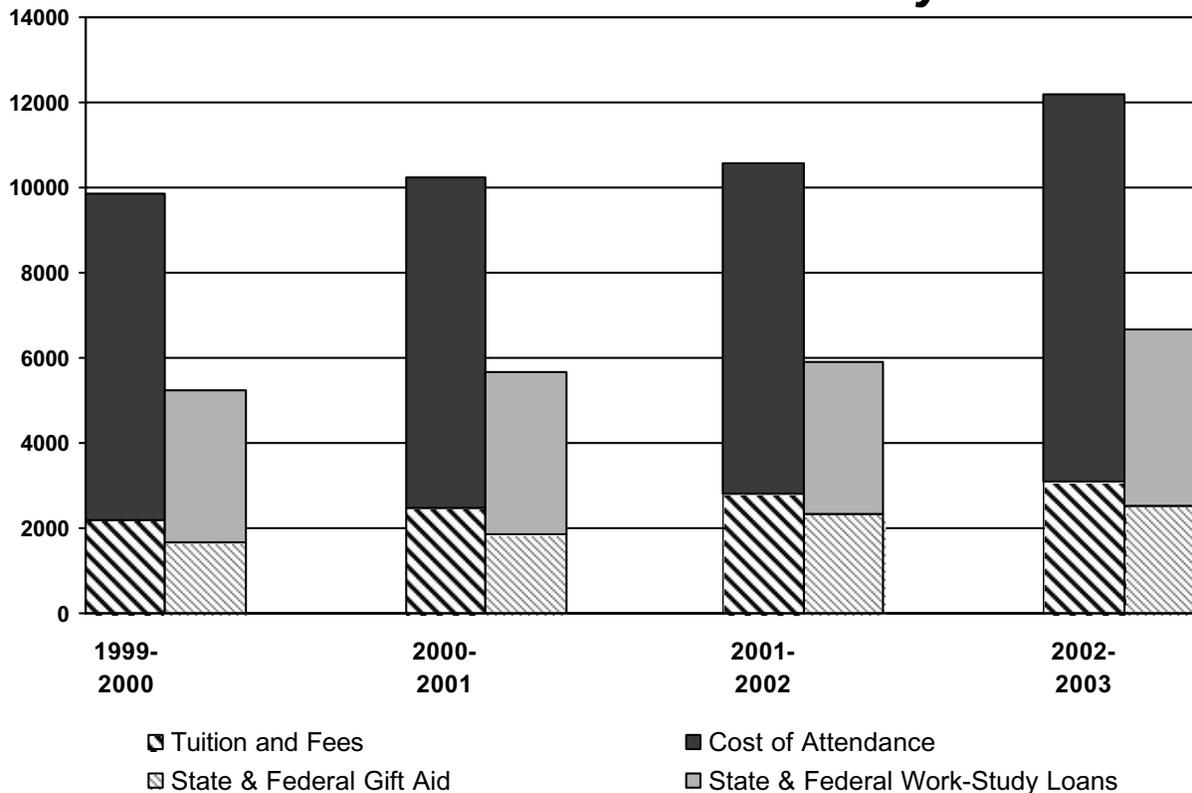
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Sam Houston State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,164.00	2,464.00	2,782.00	3,090.00
Other Costs of Attendance (books, room & board, etc.)	7,702.95	7,775.41	7,817.36	9,111.14
Total Cost of Attendance	9,866.95	10,239.41	10,599.36	12,201.14
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	487.97	512.47	860.88	1,031.13
Average Federal Gift Aid Awarded	1,185.69	1,340.89	1,460.37	1,480.19
Average State Self-Help (Work-Study and Loans)	18.32	23.20	20.44	18.06
Average Federal Self-Help (Work-Study and Loans)	3,538.58	3,758.81	3,558.55	4,182.22
Total Financial Aid	5,230.55	5,635.37	5,900.24	6,711.61

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

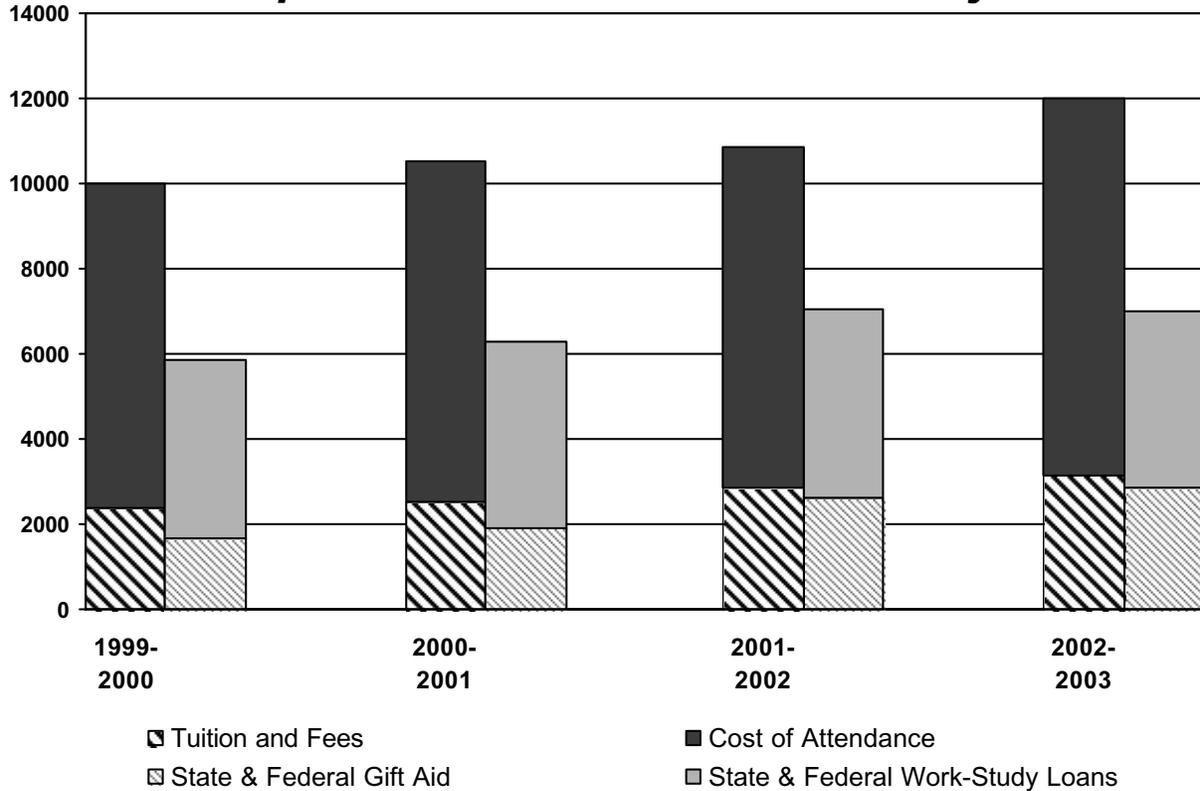
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***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Stephen F. Austin State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,393.57	2,497.50	2,833.93	3,139.29
Other Costs of Attendance (books, room & board, etc.)	7,605.66	8,024.83	8,043.66	8,885.42
Total Cost of Attendance	9,999.23	10,522.33	10,877.59	12,024.71
Average State Gift Aid Awarded	432.57	506.50	997.55	1,189.33
Average Federal Gift Aid Awarded	1,235.20	1,377.43	1,591.78	1,669.98
Average State Self-Help (Work-Study and Loans)	81.08	127.90	102.99	88.02
Average Federal Self-Help (Work-Study and Loans)	4,108.55	4,265.97	4,370.01	4,071.78
Total Financial Aid	5,857.39	6,277.79	7,062.33	7,019.11

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

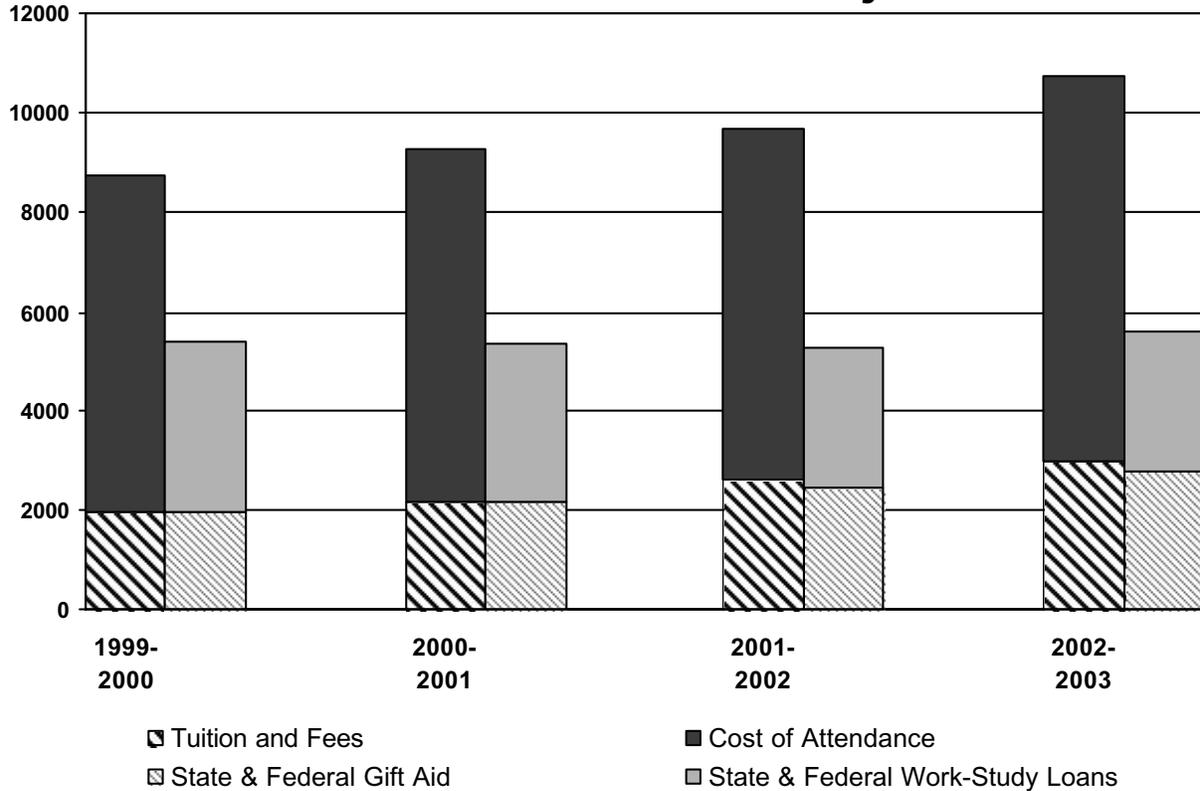
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Sul Ross State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	1,942.00	2,150.00	2,617.50	2,962.00
Other Costs of Attendance (books, room & board, etc.)	6,786.79	7,143.37	7,053.86	7,776.85
Total Cost of Attendance	8,728.79	9,293.37	9,671.36	10,738.85
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	357.56	449.31	510.36	623.55
Average Federal Gift Aid Awarded	1,604.96	1,705.42	1,922.23	2,161.93
Average State Self-Help (Work-Study and Loans)	-	-	7.21	8.77
Average Federal Self-Help (Work-Study and Loans)	3,403.77	3,189.54	2,806.47	2,838.36
Total Financial Aid	5,366.29	5,344.27	5,246.27	5,632.63

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

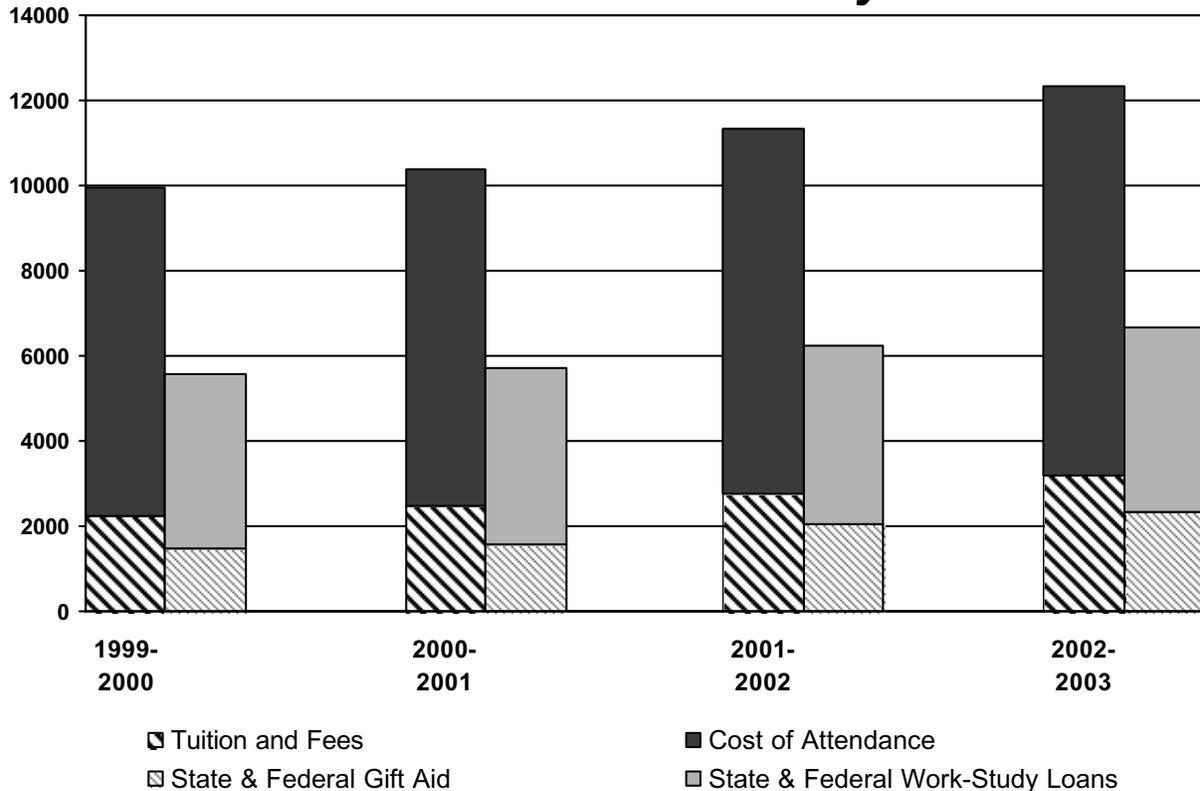
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Tarleton State University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,216.00	2,461.00	2,741.00	3,163.00
Other Costs of Attendance (books, room & board, etc.)	7,746.80	7,954.41	8,608.45	9,196.75
Total Cost of Attendance	9,962.80	10,415.41	11,349.45	12,359.75
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	378.30	341.32	523.48	730.63
Average Federal Gift Aid Awarded	1,087.52	1,243.87	1,499.89	1,576.12
Average State Self-Help (Work-Study and Loans)	8.45	10.92	12.08	14.41
Average Federal Self-Help (Work-Study and Loans)	4,067.96	4,085.39	4,160.75	4,350.32
Total Financial Aid	5,542.23	5,681.51	6,196.20	6,671.47

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

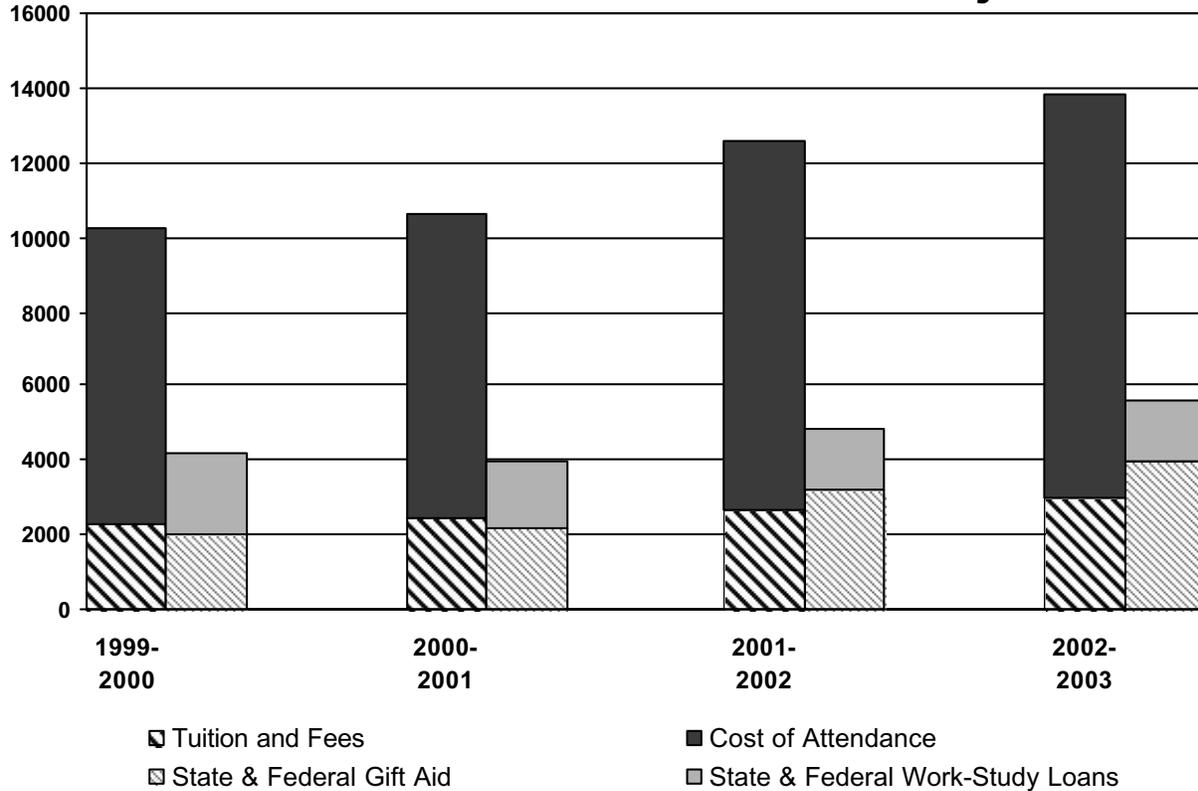
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M International University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,287.50	2,456.25	2,637.50	3,003.75
Other Costs of Attendance (books, room & board, etc.)	7,955.66	8,157.75	9,942.25	10,831.91
Total Cost of Attendance	10,243.16	10,614.00	12,579.75	13,835.66
Total Financial Aid	4,200.61	3,963.25	4,820.67	5,611.82

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

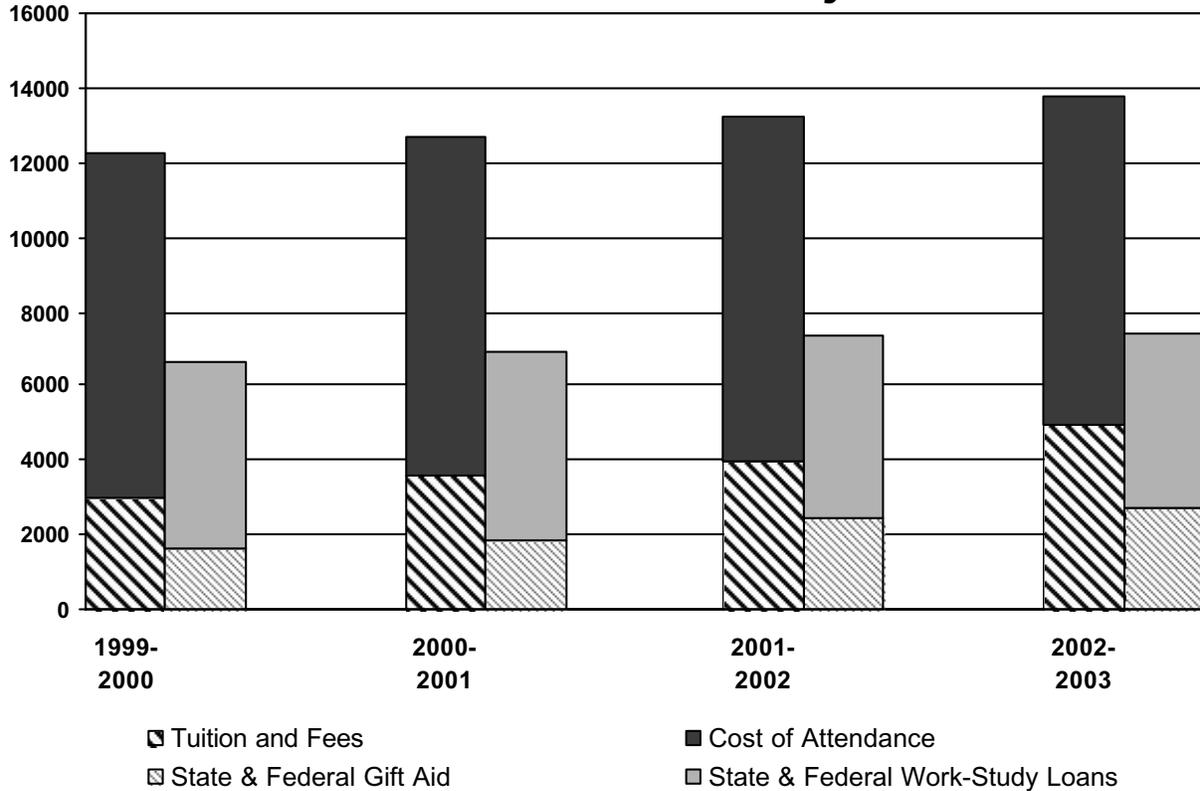
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,965.00	3,572.14	3,938.57	4,937.14
Other Costs of Attendance (books, room & board, etc.)	9,271.73	9,106.01	9,317.57	8,838.03
Total Cost of Attendance	12,236.73	12,678.15	13,256.15	13,775.17
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	662.72	735.30	1,156.80	1,364.25
Average Federal Gift Aid Awarded	972.13	1,093.14	1,262.69	1,358.89
Average State Self-Help (Work-Study and Loans)	277.41	286.73	245.30	152.72
Average Federal Self-Help (Work-Study and Loans)	4,711.42	4,759.41	4,674.04	4,564.31
Total Financial Aid	6,623.69	6,874.58	7,338.83	7,440.18

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

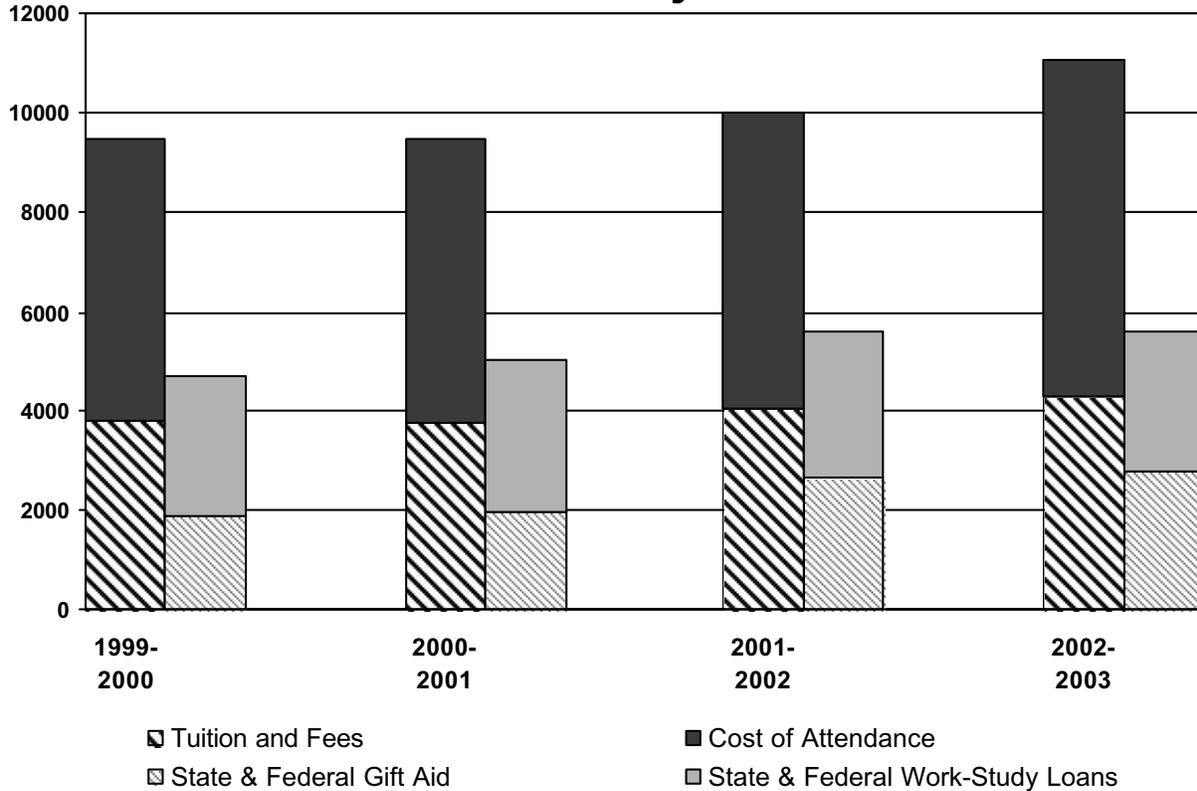
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University at Galveston



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	3,793.00	3,750.00	4,010.00	4,272.00
Other Costs of Attendance (books, room & board, etc.)	5,667.79	5,715.91	6,005.00	6,795.78
Total Cost of Attendance	9,460.79	9,465.91	10,015.00	11,067.78
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	678.69	737.12	1,002.90	1,069.66
Average Federal Gift Aid Awarded	1,204.98	1,229.64	1,660.40	1,686.69
Average State Self-Help (Work-Study and Loans)	-	-	9.09	5.97
Average Federal Self-Help (Work-Study and Loans)	2,796.52	3,048.81	2,952.68	2,870.22
Total Financial Aid	4,680.19	5,015.57	5,625.07	5,632.55

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

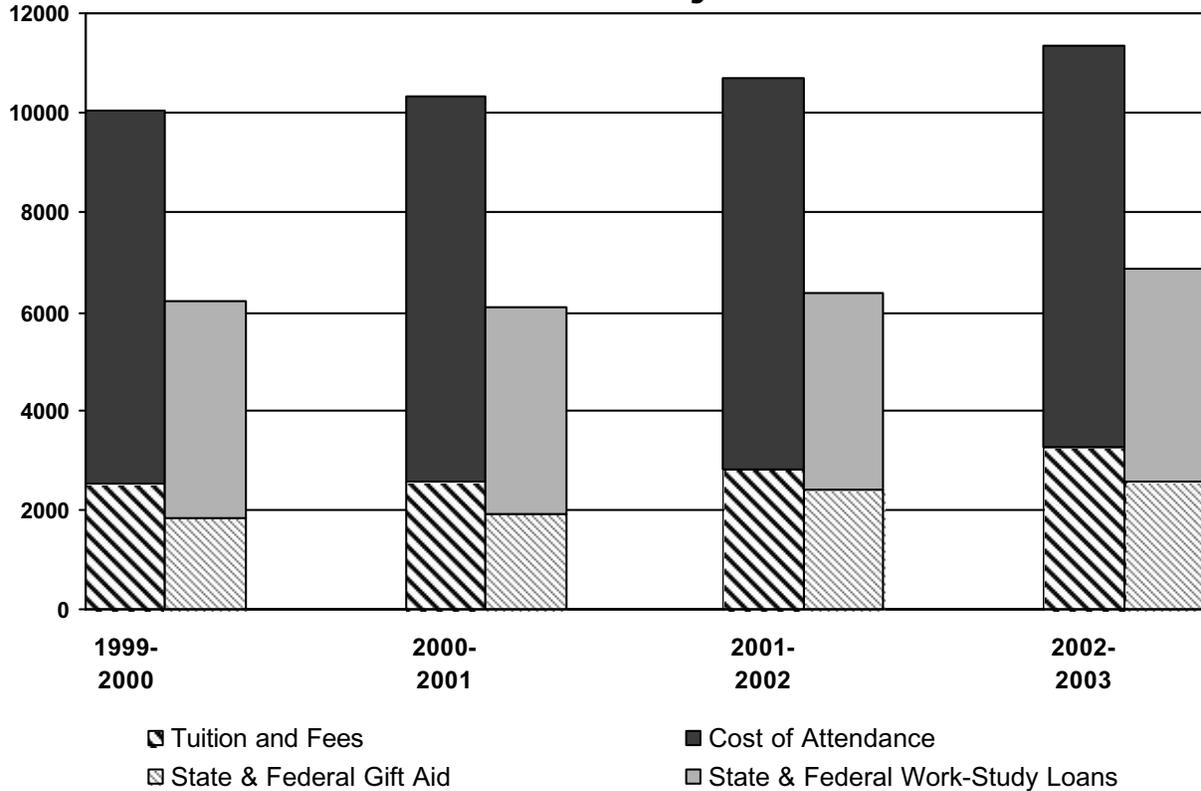
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University-Commerce



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,507.14	2,560.71	2,807.14	3,257.14
Other Costs of Attendance (books, room & board, etc.)	7,544.20	7,767.15	7,890.90	8,110.26
Total Cost of Attendance	10,051.34	10,327.86	10,698.04	11,367.40
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	458.72	436.51	674.38	818.94
Average Federal Gift Aid Awarded	1,369.10	1,471.11	1,705.34	1,761.98
Average State Self-Help (Work-Study and Loans)	3.48	10.66	2.49	-
Average Federal Self-Help (Work-Study and Loans)	4,375.84	4,177.18	4,016.69	4,308.54
Total Financial Aid	6,207.14	6,095.46	6,398.90	6,889.46

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

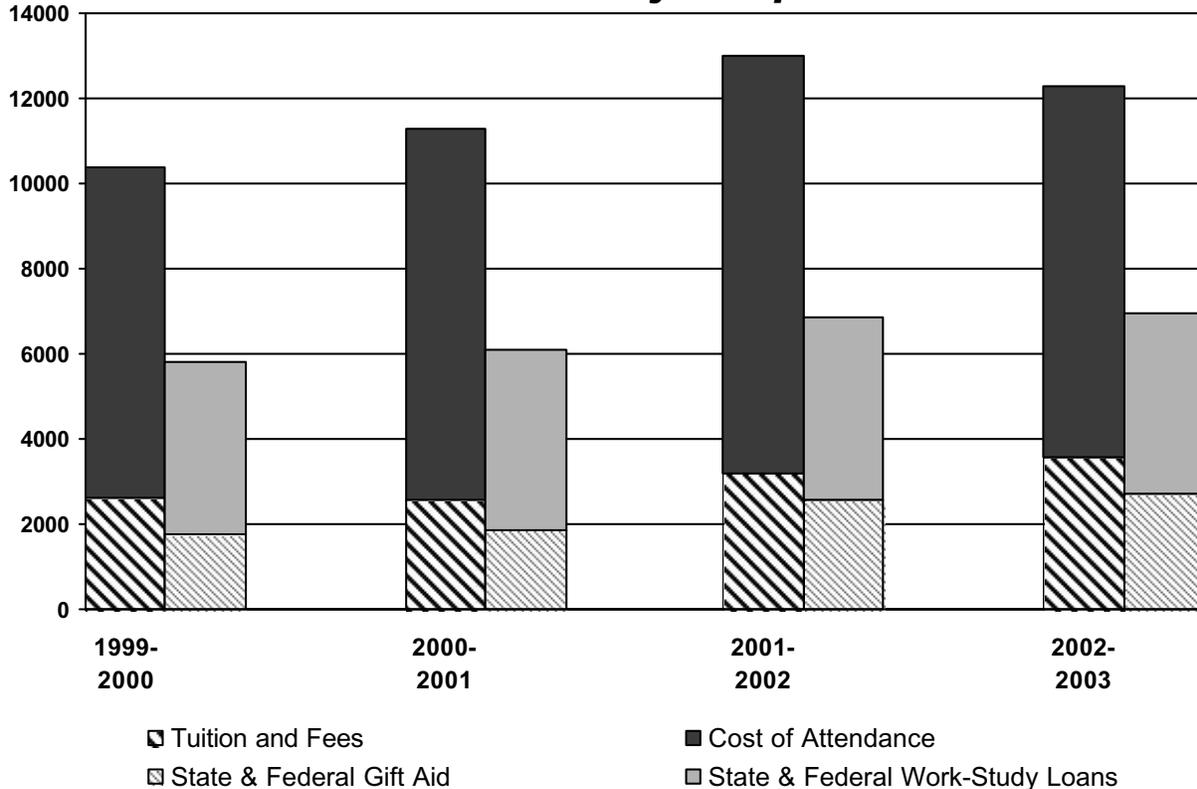
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University-Corpus Christi



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,612.50	2,540.77	3,165.00	3,567.50
Other Costs of Attendance (books, room & board, etc.)	7,796.20	8,749.37	9,826.45	8,729.74
Total Cost of Attendance	10,408.70	11,290.14	12,991.45	12,297.24
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	515.02	524.09	884.33	1,043.60
Average Federal Gift Aid Awarded	1,262.05	1,345.82	1,662.65	1,673.21
Average State Self-Help (Work-Study and Loans)	14.98	10.98	13.99	6.66
Average Federal Self-Help (Work-Study and Loans)	4,016.73	4,202.14	4,317.31	4,276.26
Total Financial Aid	5,808.79	6,083.03	6,878.28	6,999.73

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

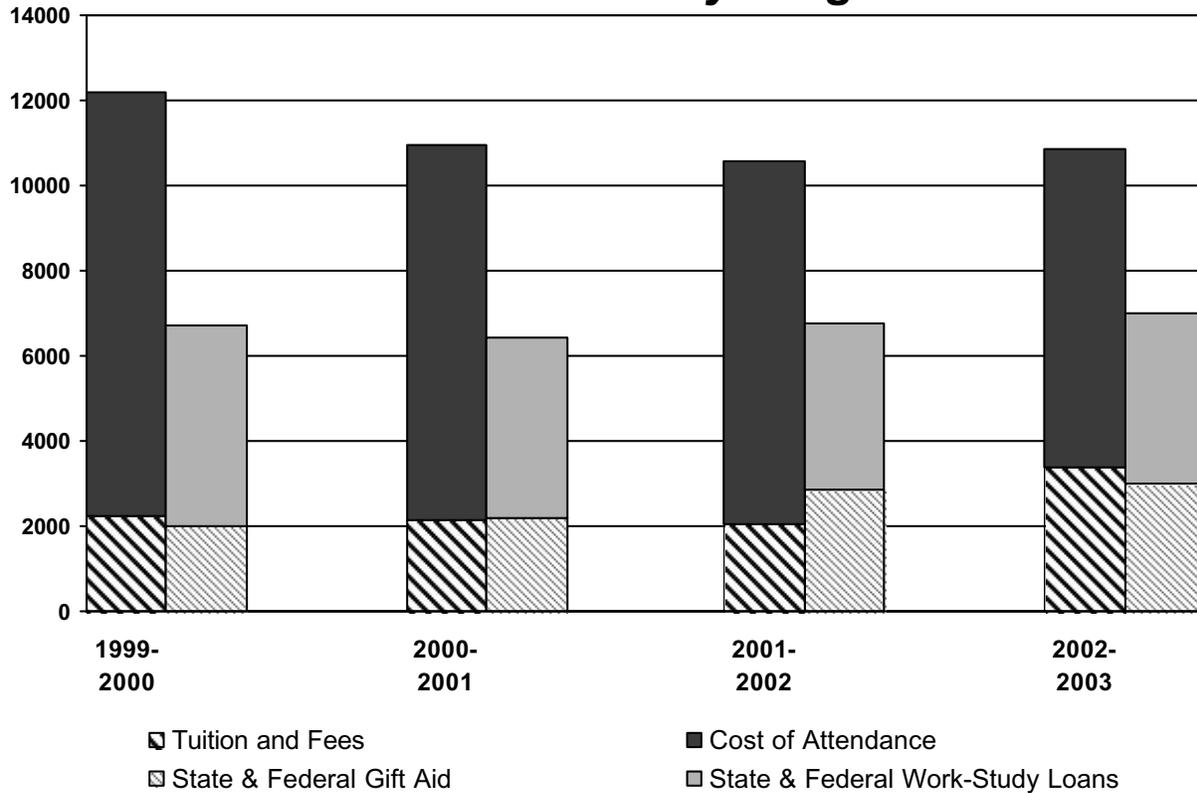
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University-Kingsville



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,240.77	2,113.85	2,051.25	3,365.00
Other Costs of Attendance (books, room & board, etc.)	9,933.37	8,847.43	8,545.27	7,514.82
Total Cost of Attendance	12,174.13	10,961.28	10,596.52	10,879.82
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	345.98	381.21	771.08	842.07
Average Federal Gift Aid Awarded	1,669.23	1,820.11	2,062.87	2,140.96
Average State Self-Help (Work-Study and Loans)	7.96	8.26	8.15	7.33
Average Federal Self-Help (Work-Study and Loans)	4,695.14	4,208.83	3,955.47	4,049.75
Total Financial Aid	6,718.31	6,418.42	6,797.56	7,040.12

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

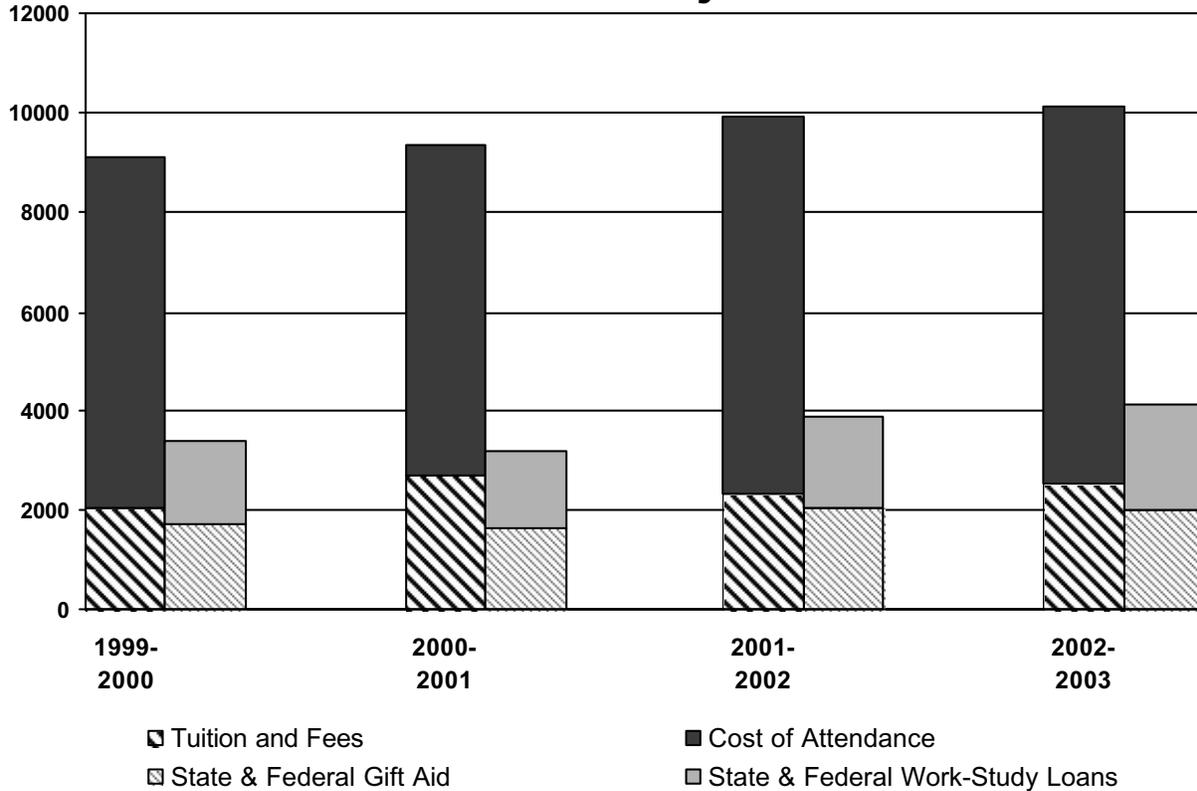
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas A&M University-Texarkana



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,053.85	2,672.50	2,307.69	2,502.86
Other Costs of Attendance (books, room & board, etc.)	7,040.54	6,675.81	7,610.69	7,626.70
Total Cost of Attendance	9,094.39	9,348.31	9,918.38	10,129.55
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	437.83	390.82	408.26	416.79
Average Federal Gift Aid Awarded	1,264.50	1,232.92	1,629.39	1,575.38
Average State Self-Help (Work-Study and Loans)	-	-	-	-
Average Federal Self-Help (Work-Study and Loans)	1,683.87	1,532.12	1,824.37	2,102.80
Total Financial Aid	3,386.20	3,155.86	3,862.02	4,094.97

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

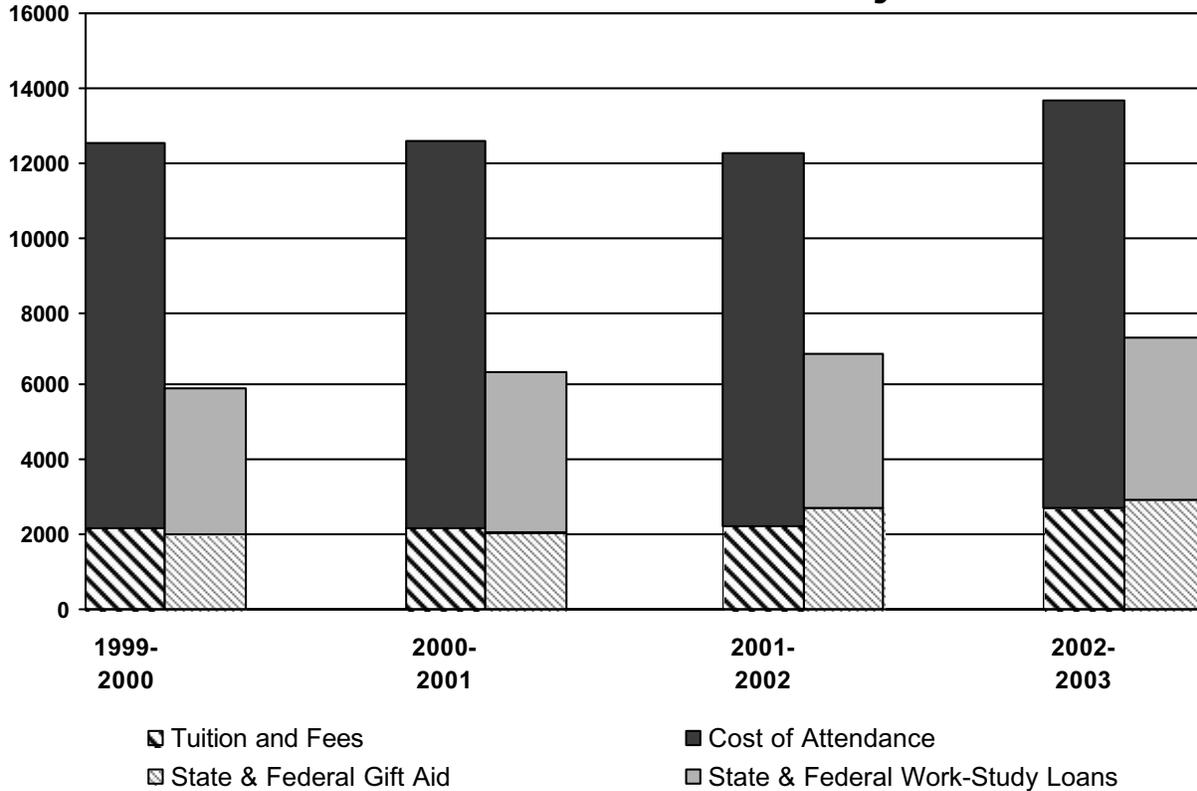
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas Southern University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,170.00	2,170.00	2,213.00	2,718.00
Other Costs of Attendance (books, room & board, etc.)	10,351.56	10,394.13	10,067.01	10,949.07
Total Cost of Attendance	12,521.56	12,564.13	12,280.01	13,667.07
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	360.85	298.37	501.83	695.11
Average Federal Gift Aid Awarded	1,633.71	1,777.13	2,208.37	2,219.85
Average State Self-Help (Work-Study and Loans)	-	5.52	5.15	4.34
Average Federal Self-Help (Work-Study and Loans)	3,916.58	4,256.44	4,112.26	4,331.54
Total Financial Aid	5,911.14	6,337.47	6,827.61	7,250.84

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

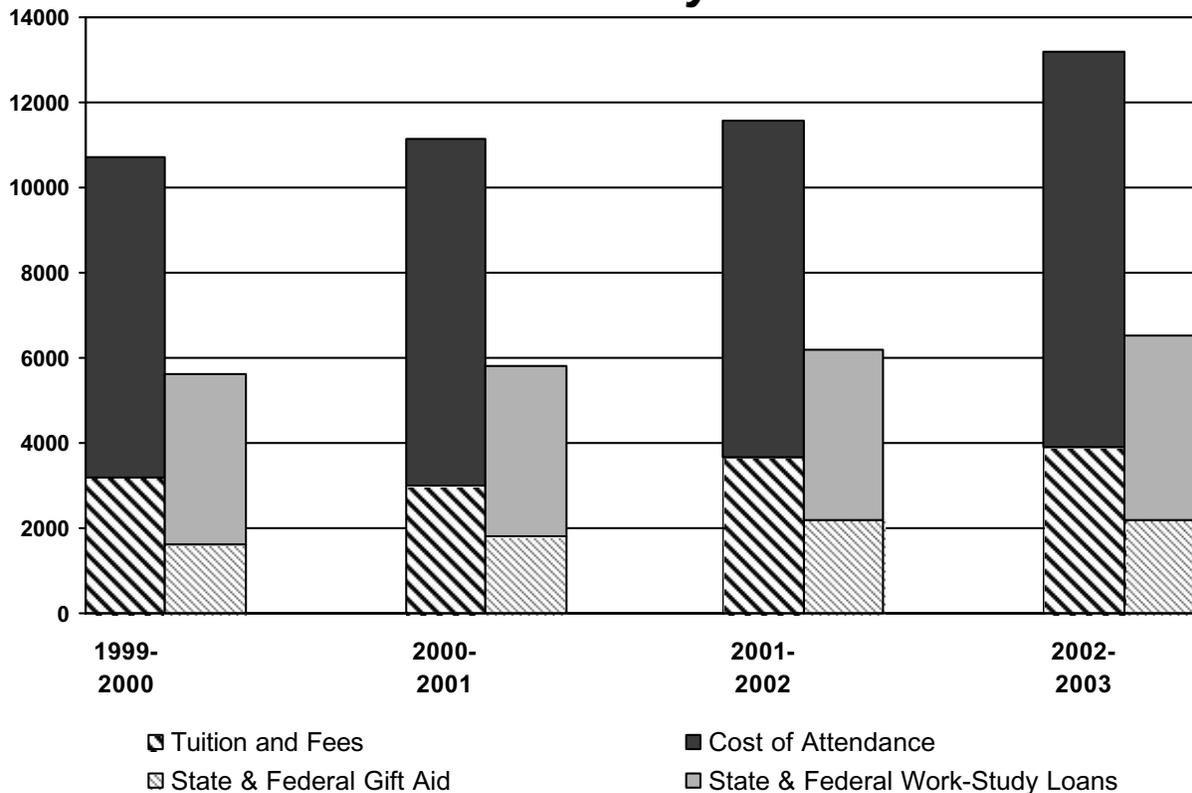
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Cost of Attendance vs. Available Financial Aid

Texas State University-San Marcos

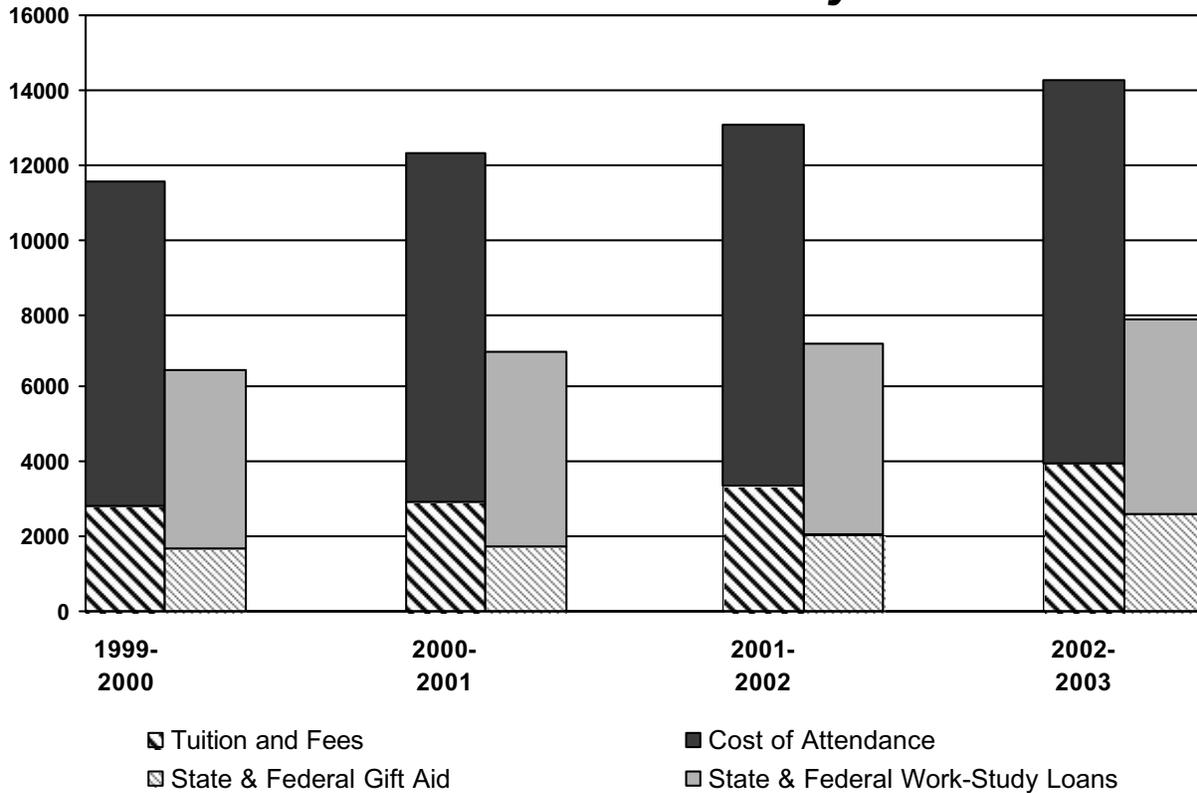


	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	3,171.43	2,990.00	3,642.86	3,910.71
Other Costs of Attendance (books, room & board, etc.)	7,540.32	8,141.82	7,927.09	9,267.95
Total Cost of Attendance	10,711.75	11,131.82	11,569.94	13,178.67
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	568.73	657.07	893.81	916.09
Average Federal Gift Aid Awarded	1,039.16	1,125.30	1,269.26	1,271.66
Average State Self-Help (Work-Study and Loans)	48.90	45.50	59.12	76.03
Average Federal Self-Help (Work-Study and Loans)	3,946.43	3,941.31	3,950.47	4,307.85
Total Financial Aid	5,603.22	5,769.18	6,172.66	6,571.64

- * Tuition and fees based on 15 SCH per semester.
- ** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.
- *** Federal Programs include: Pell, SEOG, Byrd, SLEAP.
- **** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.
- ***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.
- ***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas Tech University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,800.00	2,938.00	3,338.00	3,957.00
Other Costs of Attendance (books, room & board, etc.)	8,764.03	9,361.12	9,730.90	10,308.50
Total Cost of Attendance	11,564.03	12,299.12	13,068.90	14,265.50

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	485.68	476.70	775.76	1,268.71
Average Federal Gift Aid Awarded	1,194.40	1,255.17	1,296.44	1,317.12
Average State Self-Help (Work-Study and Loans)	109.87	135.77	124.96	122.20
Average Federal Self-Help (Work-Study and Loans)	4,656.25	5,061.38	4,975.94	5,167.81
Total Financial Aid	6,446.20	6,929.03	7,173.09	7,875.84

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

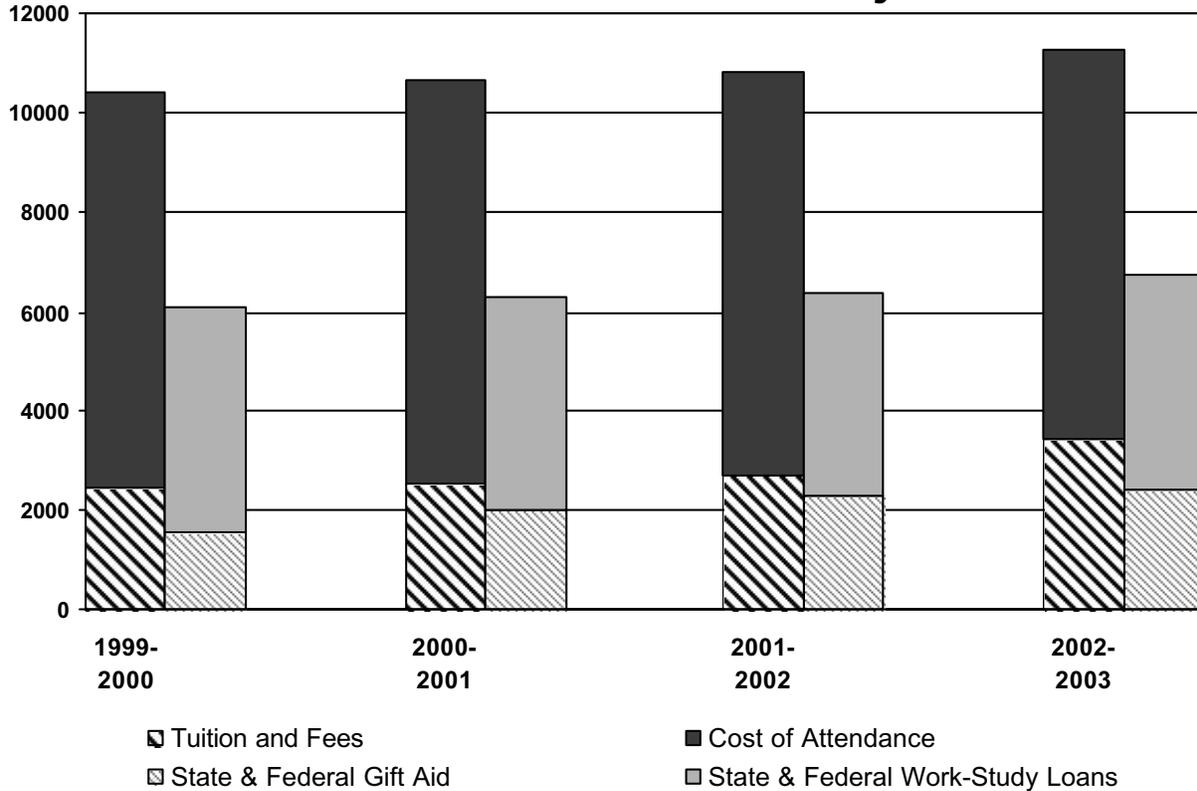
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

Texas Woman's University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,460.00	2,520.00	2,700.00	3,432.00
Other Costs of Attendance (books, room & board, etc.)	7,947.07	8,141.00	8,106.87	7,855.99
Total Cost of Attendance	10,407.07	10,661.00	10,806.87	11,287.99

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	472.18	715.43	877.71	957.15
Average Federal Gift Aid Awarded	1,090.30	1,262.16	1,416.48	1,456.20
Average State Self-Help (Work-Study and Loans)	112.21	96.00	75.38	93.46
Average Federal Self-Help (Work-Study and Loans)	4,426.66	4,249.42	4,004.66	4,229.78
Total Financial Aid	6,101.35	6,323.01	6,374.23	6,736.59

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

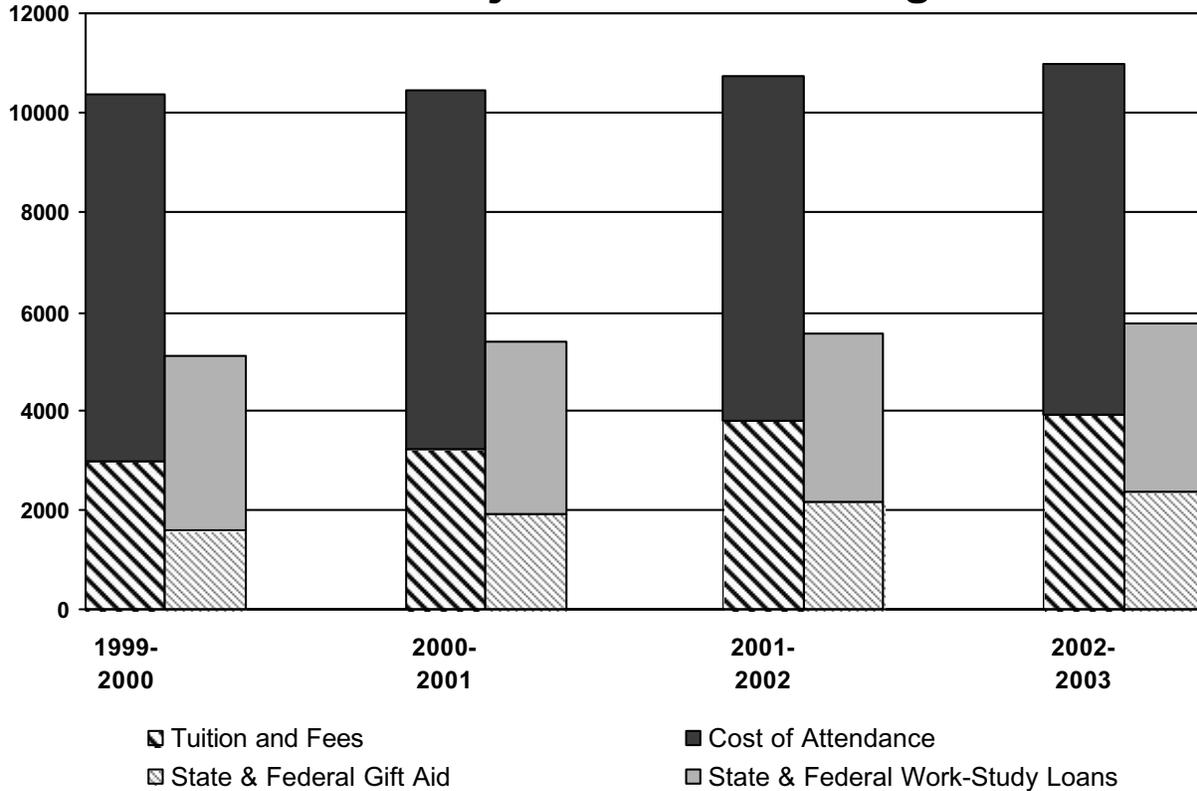
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at Arlington



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,962.50	3,230.77	3,784.62	3,923.08
Other Costs of Attendance (books, room & board, etc.)	7,427.22	7,207.78	6,964.04	7,042.31
Total Cost of Attendance	10,389.72	10,438.55	10,748.65	10,965.39
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	349.92	574.32	719.59	937.33
Average Federal Gift Aid Awarded	1,219.48	1,330.83	1,421.73	1,410.70
Average State Self-Help (Work-Study and Loans)	10.50	15.18	23.76	18.77
Average Federal Self-Help (Work-Study and Loans)	3,496.42	3,438.41	3,424.14	3,391.96
Total Financial Aid	5,076.32	5,358.74	5,589.21	5,758.77

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

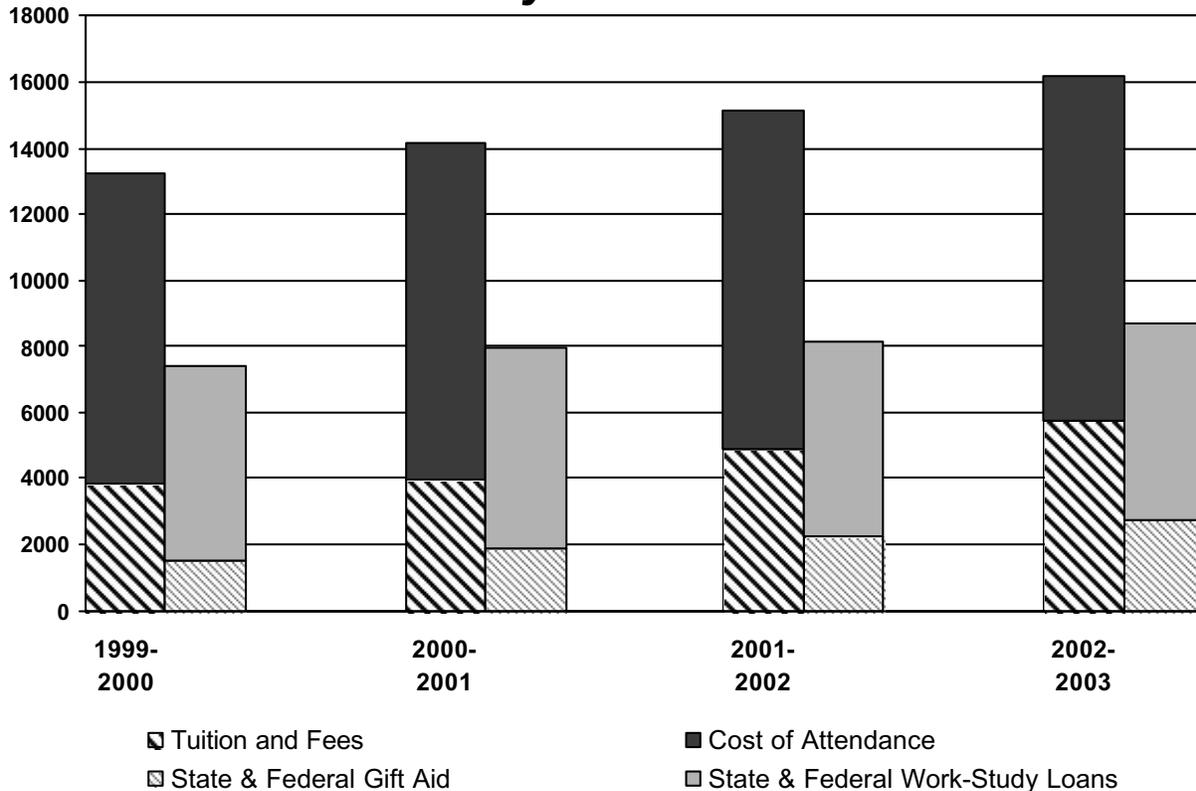
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at Austin



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	3,846.92	3,948.46	4,876.15	5,721.43
Other Costs of Attendance (books, room & board, etc.)	9,363.45	10,196.36	10,266.39	10,476.07
Total Cost of Attendance	13,210.38	14,144.82	15,142.54	16,197.50
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	642.53	873.05	1,124.87	1,563.73
Average Federal Gift Aid Awarded	909.27	997.35	1,120.66	1,202.08
Average State Self-Help (Work-Study and Loans)	119.12	128.66	134.90	115.41
Average Federal Self-Help (Work-Study and Loans)	5,718.80	5,944.70	5,715.45	5,824.13
Total Financial Aid	7,389.72	7,943.75	8,095.89	8,705.35

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

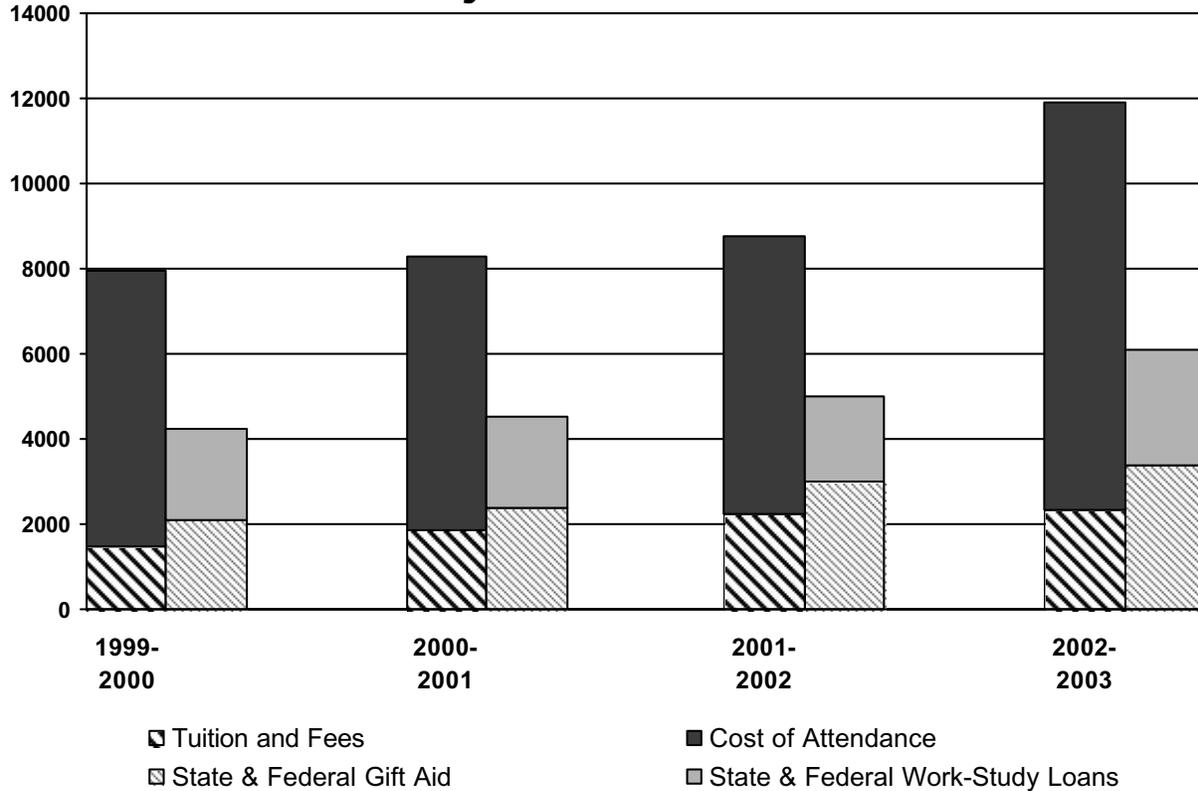
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at Brownsville



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	1,463.00	1,841.54	2,253.46	2,349.23
Other Costs of Attendance (books, room & board, etc.)	6,531.24	6,444.45	6,507.27	9,552.49
Total Cost of Attendance	7,994.24	8,285.99	8,760.73	11,901.73
Average State Gift Aid Awarded	196.42	319.65	656.46	1,125.10
Average Federal Gift Aid Awarded	1,884.85	2,049.68	2,309.74	2,234.53
Average State Self-Help (Work-Study and Loans)	10.52	5.30	5.38	6.74
Average Federal Self-Help (Work-Study and Loans)	2,119.57	2,141.92	1,992.73	2,689.24
Total Financial Aid	4,211.35	4,516.55	4,964.31	6,055.61

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

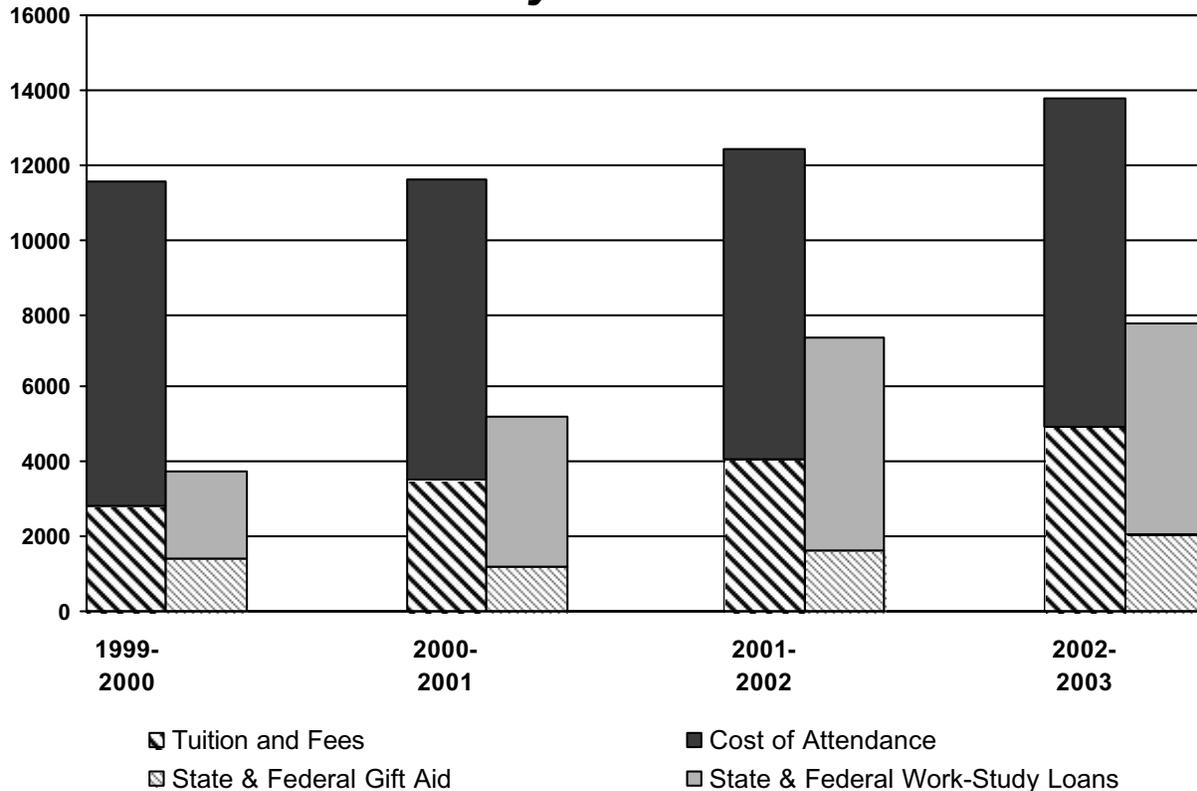
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at Dallas



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,837.14	3,505.00	4,055.00	4,918.75
Other Costs of Attendance (books, room & board, etc.)	8,698.16	8,085.86	8,387.98	8,881.03
Total Cost of Attendance	11,535.30	11,590.86	12,442.98	13,799.78
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	326.30	318.74	594.29	932.43
Average Federal Gift Aid Awarded	1,104.83	850.83	1,051.65	1,117.89
Average State Self-Help (Work-Study and Loans)	1.50	-	5.61	4.66
Average Federal Self-Help (Work-Study and Loans)	2,332.39	4,060.30	5,709.93	5,690.22
Total Financial Aid	3,765.02	5,229.87	7,361.48	7,745.20

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

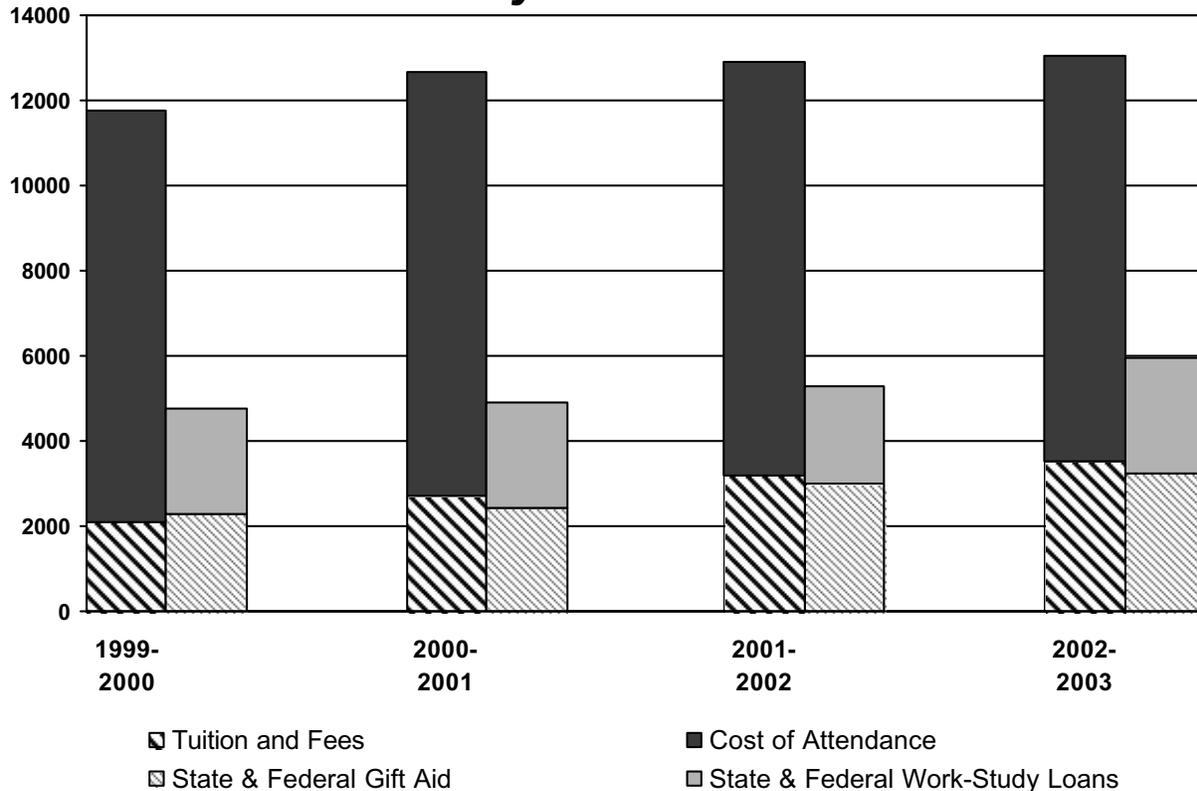
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at El Paso



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,092.00	2,688.46	3,195.00	3,495.00
Other Costs of Attendance (books, room & board, etc.)	9,674.78	9,966.11	9,712.34	9,578.03
Total Cost of Attendance	11,766.78	12,654.58	12,907.34	13,073.03
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	458.61	519.00	895.84	971.79
Average Federal Gift Aid Awarded	1,797.28	1,916.62	2,089.35	2,232.26
Average State Self-Help (Work-Study and Loans)	-	8.15	6.40	6.06
Average Federal Self-Help (Work-Study and Loans)	2,512.08	2,427.59	2,281.06	2,711.11
Total Financial Aid	4,767.97	4,871.36	5,272.64	5,921.23

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

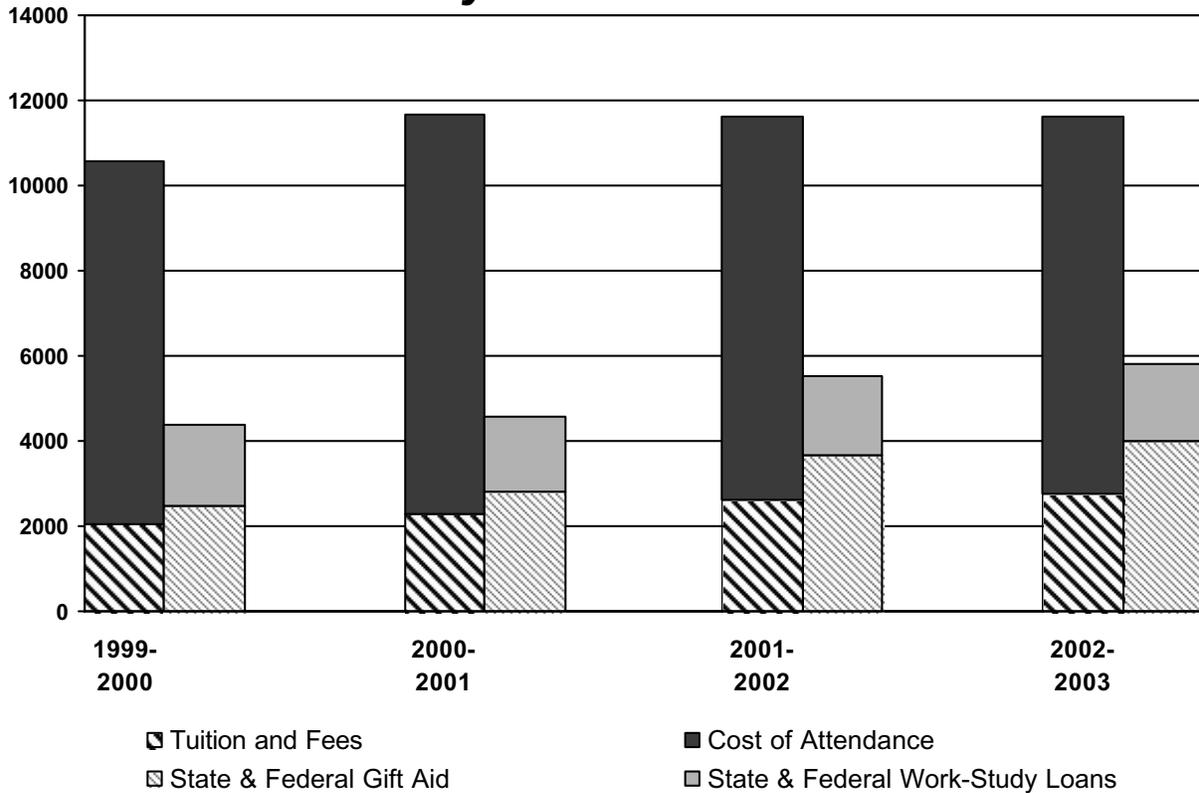
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas-Pan American



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,031.43	2,261.79	2,625.00	2,745.00
Other Costs of Attendance (books, room & board, etc.)	8,573.04	9,392.11	8,989.96	8,860.77
Total Cost of Attendance	10,604.47	11,653.90	11,614.96	11,605.77
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	560.53	698.19	1,369.42	1,636.82
Average Federal Gift Aid Awarded	1,919.66	2,082.73	2,307.79	2,332.33
Average State Self-Help (Work-Study and Loans)	9.01	8.43	7.79	6.97
Average Federal Self-Help (Work-Study and Loans)	1,879.68	1,755.05	1,814.15	1,811.18
Total Financial Aid	4,368.88	4,544.41	5,499.16	5,787.30

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

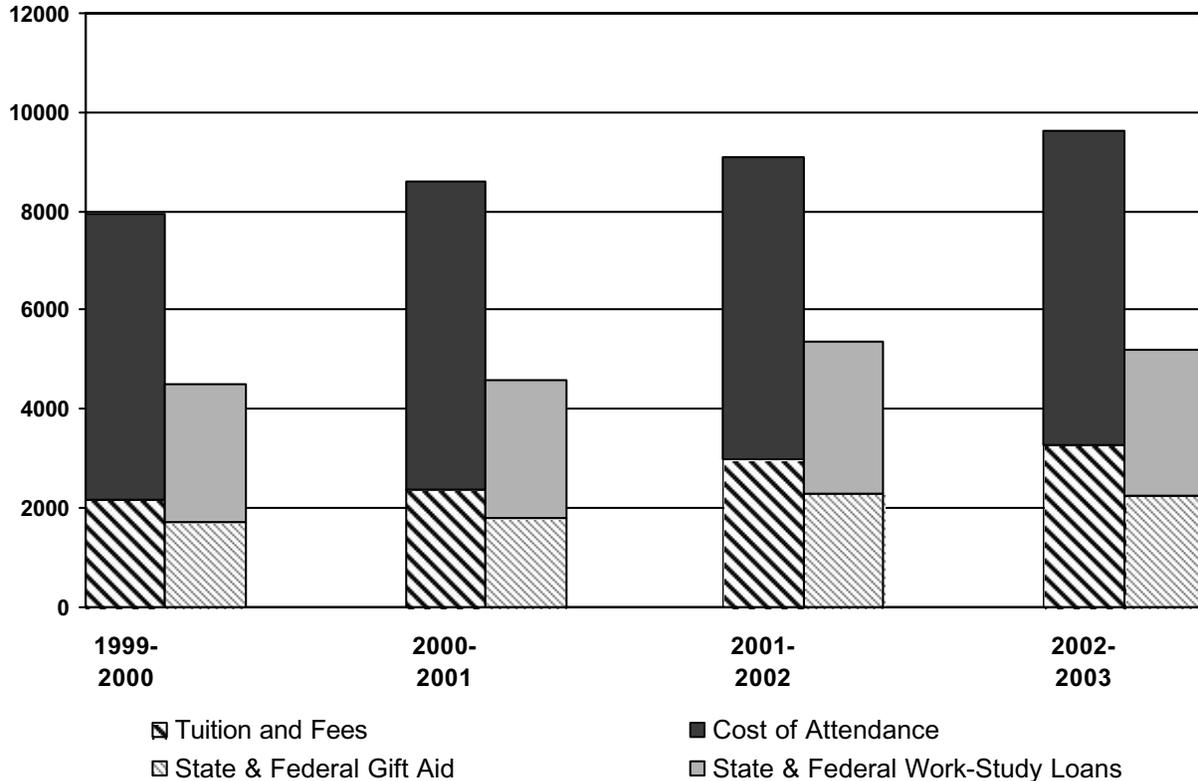
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas of the Permian Basin



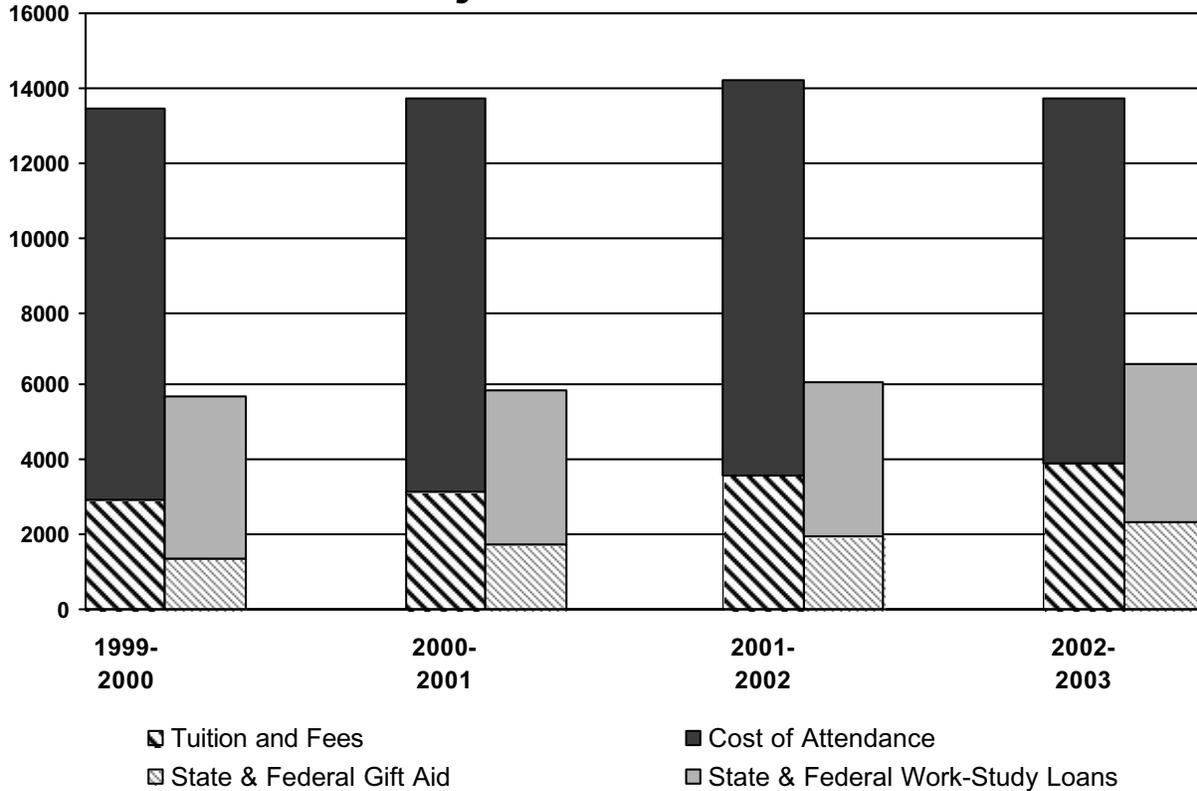
	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,145.00	2,356.07	2,970.00	3,245.00
Other Costs of Attendance (books, room & board, etc.)	5,826.50	6,249.63	6,127.98	6,373.06
Total Cost of Attendance	7,971.50	8,605.70	9,097.98	9,618.06

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	406.75	362.62	438.36	551.76
Average Federal Gift Aid Awarded	1,301.60	1,415.61	1,827.37	1,695.66
Average State Self-Help (Work-Study and Loans)	-	-	7.11	7.62
Average Federal Self-Help (Work-Study and Loans)	2,762.45	2,776.96	3,077.00	2,919.86
Total Financial Aid	4,470.80	4,555.18	5,349.84	5,174.90

- * Tuition and fees based on 15 SCH per semester.
- ** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.
- *** Federal Programs include: Pell, SEOG, Byrd, SLEAP.
- **** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.
- ***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.
- ***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at San Antonio



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,912.50	3,155.00	3,597.50	3,920.00
Other Costs of Attendance (books, room & board, etc.)	10,515.73	10,542.61	10,608.76	9,804.02
Total Cost of Attendance	13,428.23	13,697.61	14,206.26	13,724.02
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	230.14	420.60	528.31	763.89
Average Federal Gift Aid Awarded	1,111.40	1,291.27	1,445.98	1,541.95
Average State Self-Help (Work-Study and Loans)	53.45	27.68	36.46	5.78
Average Federal Self-Help (Work-Study and Loans)	4,287.20	4,144.31	4,037.47	4,264.42
Total Financial Aid	5,682.19	5,883.86	6,048.22	6,576.05

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

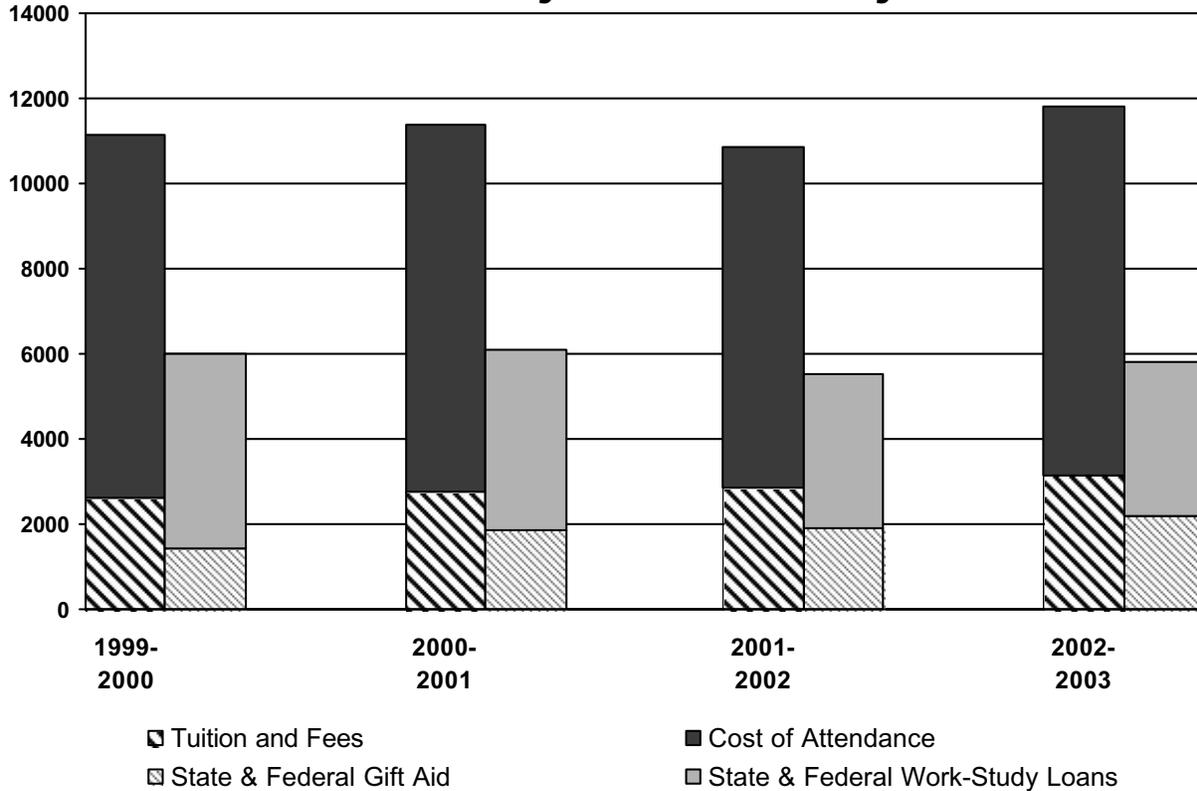
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

The University of Texas at Tyler



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,612.00	2,732.00	2,852.00	3,122.00
Other Costs of Attendance (books, room & board, etc.)	8,553.97	8,669.67	7,997.25	8,672.52
Total Cost of Attendance	11,165.97	11,401.67	10,849.25	11,794.52

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	290.33	342.06	410.07	664.70
Average Federal Gift Aid Awarded	1,140.04	1,171.03	1,473.32	1,508.53
Average State Self-Help (Work-Study and Loans)	5.66	-	4.63	5.30
Average Federal Self-Help (Work-Study and Loans)	4,529.75	4,231.68	3,625.31	3,589.39
Total Financial Aid	5,965.79	5,744.77	5,513.33	5,767.92

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

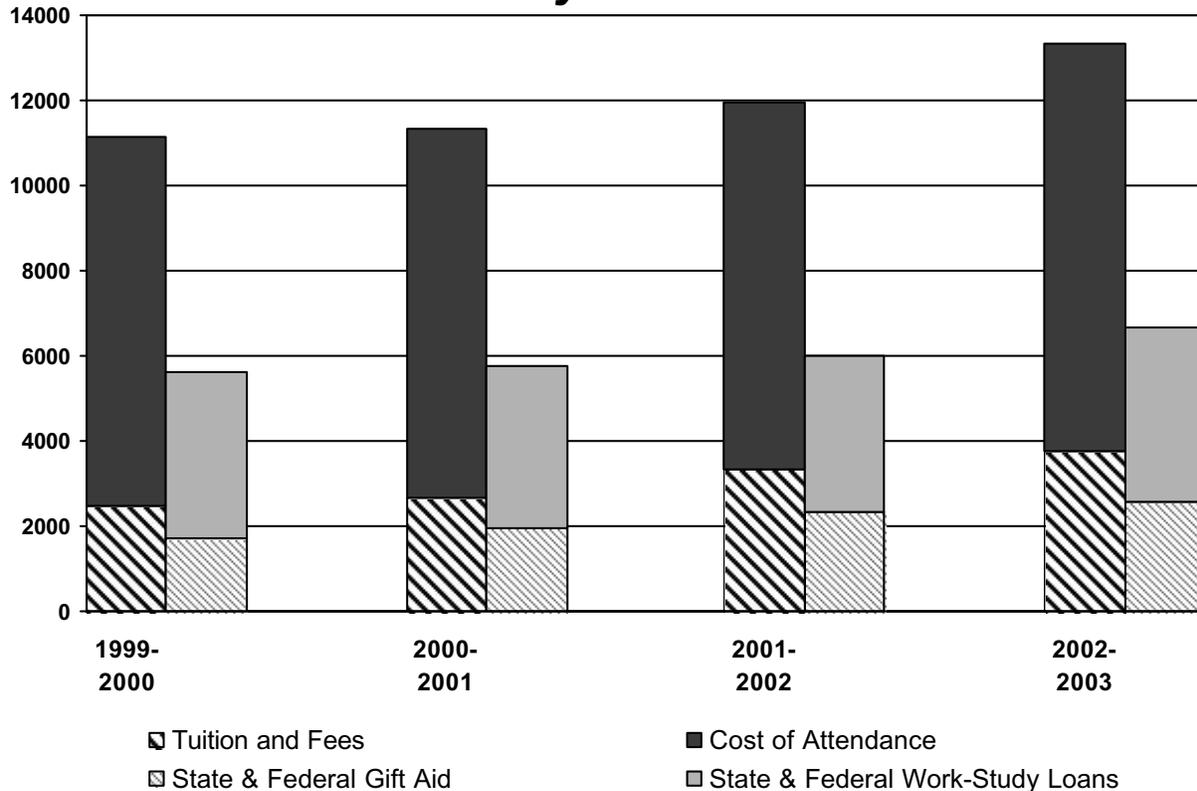
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

University of Houston



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,478.21	2,638.00	3,300.00	3,735.00
Other Costs of Attendance (books, room & board, etc.)	8,678.20	8,690.77	8,650.83	9,593.39
Total Cost of Attendance	11,156.41	11,328.77	11,950.83	13,328.39
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	409.10	510.20	715.06	936.23
Average Federal Gift Aid Awarded	1,293.55	1,455.99	1,631.04	1,621.49
Average State Self-Help (Work-Study and Loans)	8.03	11.95	5.03	9.47
Average Federal Self-Help (Work-Study and Loans)	3,881.79	3,767.46	3,610.92	4,144.65
Total Financial Aid	5,592.47	5,745.60	5,962.04	6,711.84

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

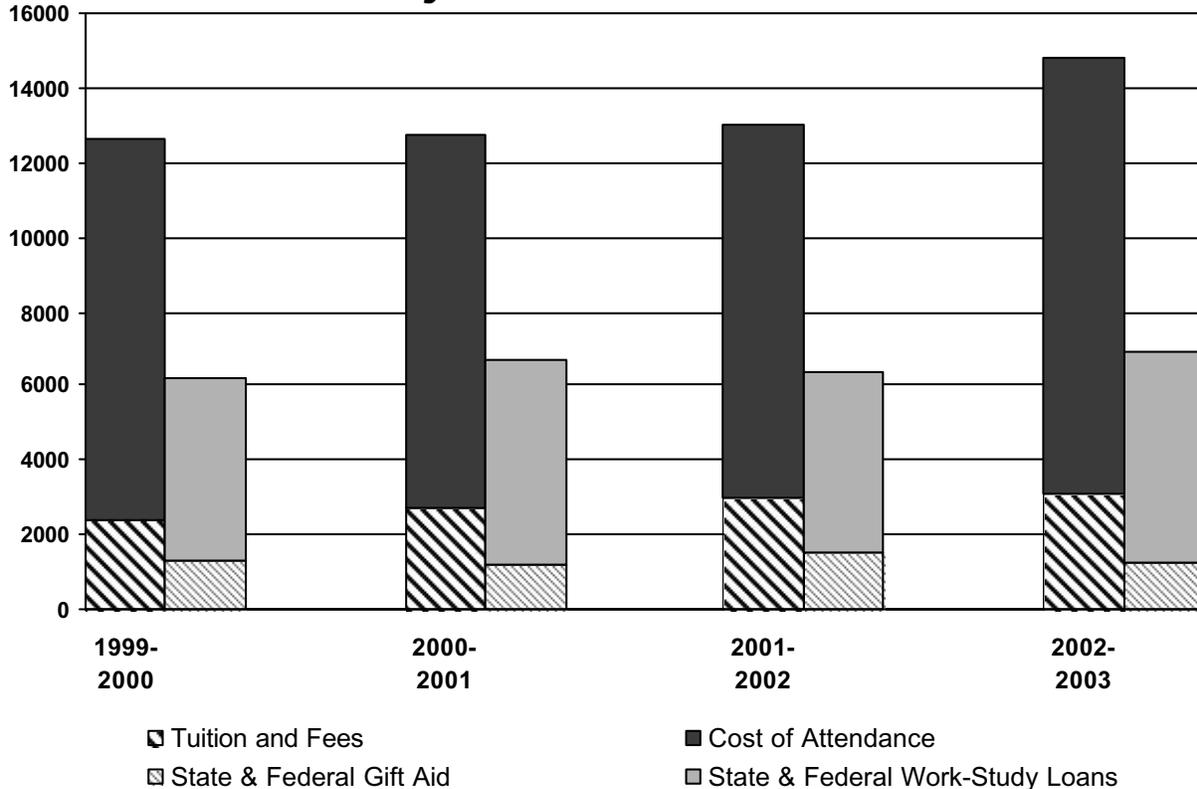
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

University of Houston-Clear Lake



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,405.00	2,690.00	3,001.25	3,100.00
Other Costs of Attendance (books, room & board, etc.)	10,245.42	10,053.23	10,038.14	11,722.26
Total Cost of Attendance	12,650.42	12,743.23	13,039.39	14,822.26
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	397.14	273.72	335.81	337.21
Average Federal Gift Aid Awarded	878.70	913.13	1,194.00	913.01
Average State Self-Help (Work-Study and Loans)	5.56	6.03	5.40	5.18
Average Federal Self-Help (Work-Study and Loans)	4,882.71	5,460.37	4,826.77	5,615.15
Total Financial Aid	6,164.11	6,653.25	6,361.99	6,870.56

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

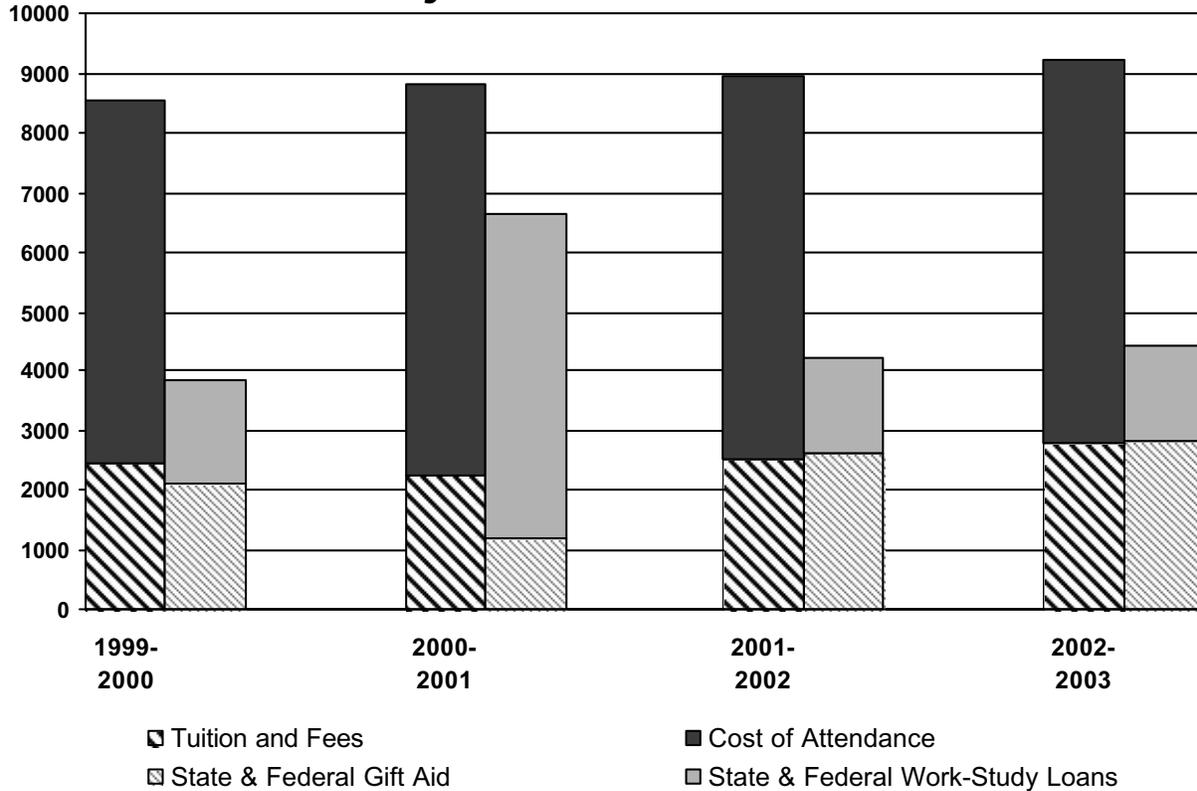
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

University of Houston-Downtown



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,452.50	2,242.50	2,507.50	2,777.50
Other Costs of Attendance (books, room & board, etc.)	6,100.18	6,561.37	6,425.52	6,436.58
Total Cost of Attendance	8,552.68	8,803.87	8,933.02	9,214.08

	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	396.60	428.22	553.12	726.40
Average Federal Gift Aid Awarded	1,712.94	1,792.25	2,048.30	2,082.78
Average State Self-Help (Work-Study and Loans)	6.06	7.38	5.43	5.75
Average Federal Self-Help (Work-Study and Loans)	1,725.20	1,701.16	1,593.53	1,580.47
Total Financial Aid	3,840.80	3,929.00	4,200.37	4,395.39

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

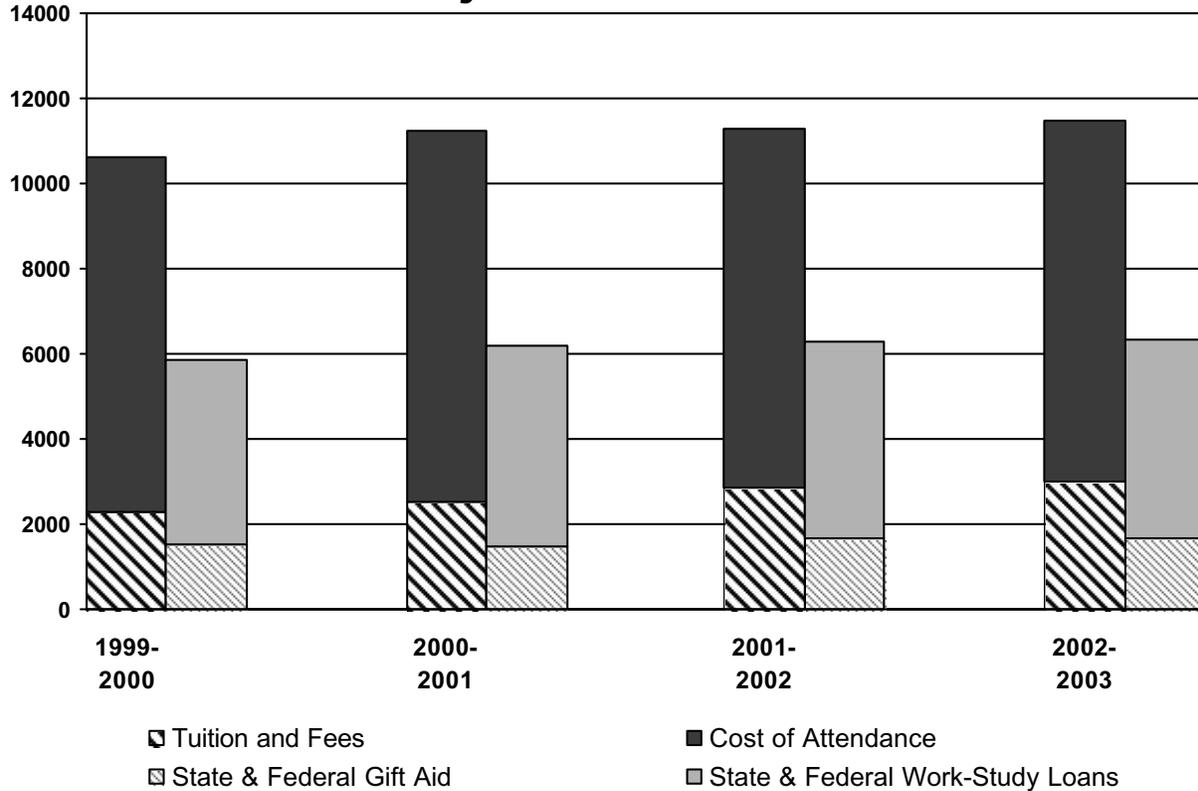
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

University of Houston-Victoria



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,280.00	2,505.00	2,835.00	2,985.00
Other Costs of Attendance (books, room & board, etc.)	8,361.39	8,763.71	8,446.56	8,519.09
Total Cost of Attendance	10,641.39	11,268.71	11,281.56	11,504.09
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	454.72	443.92	585.57	513.50
Average Federal Gift Aid Awarded	1,067.88	1,028.01	1,093.38	1,143.57
Average State Self-Help (Work-Study and Loans)	20.55	13.27	12.42	4.18
Average Federal Self-Help (Work-Study and Loans)	4,306.91	4,663.29	4,575.11	4,662.02
Total Financial Aid	5,850.05	6,148.49	6,266.47	6,323.28

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

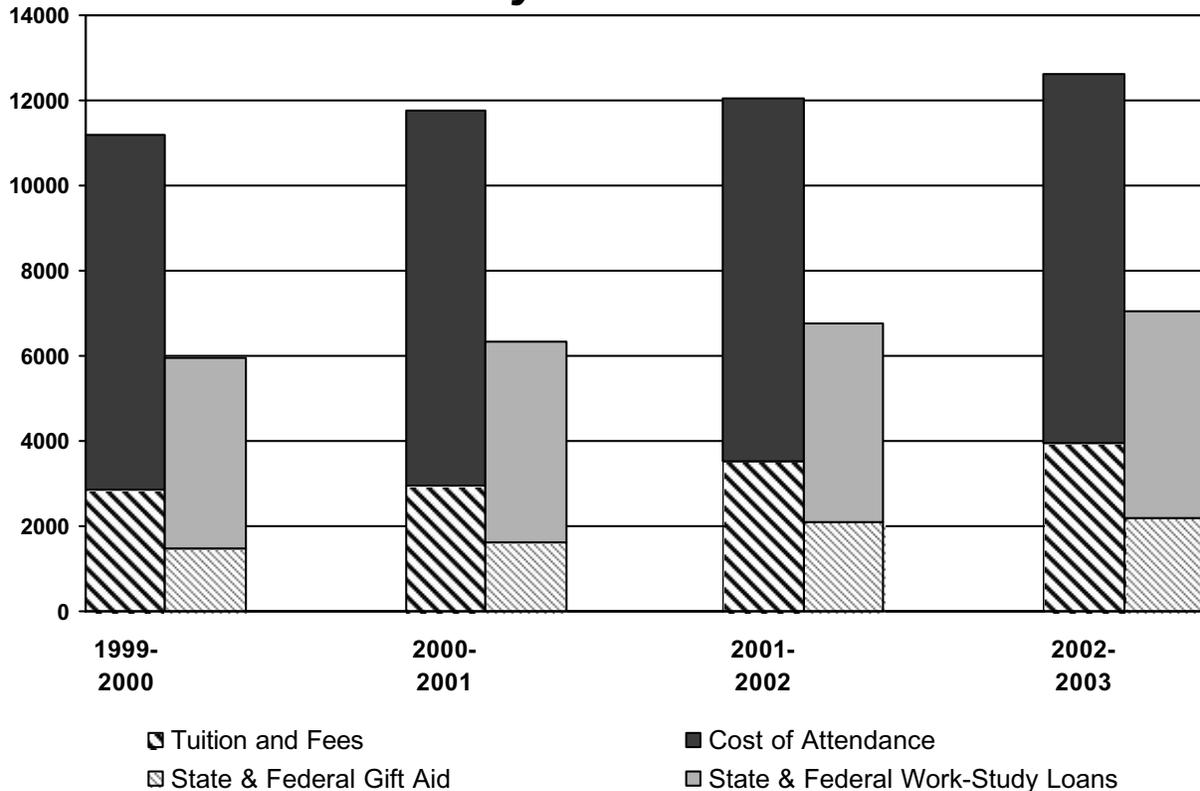
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***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

University of North Texas



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,826.92	2,942.31	3,519.23	3,923.08
Other Costs of Attendance (books, room & board, etc.)	8,358.08	8,821.61	8,532.25	8,694.04
Total Cost of Attendance	11,185.00	11,763.92	12,051.48	12,617.12
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	502.44	530.66	774.29	843.47
Average Federal Gift Aid Awarded	969.58	1,079.26	1,306.58	1,334.42
Average State Self-Help (Work-Study and Loans)	19.12	24.35	28.82	33.20
Average Federal Self-Help (Work-Study and Loans)	4,427.37	4,662.01	4,660.05	4,865.40
Total Financial Aid	5,918.51	6,296.28	6,769.73	7,076.49

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

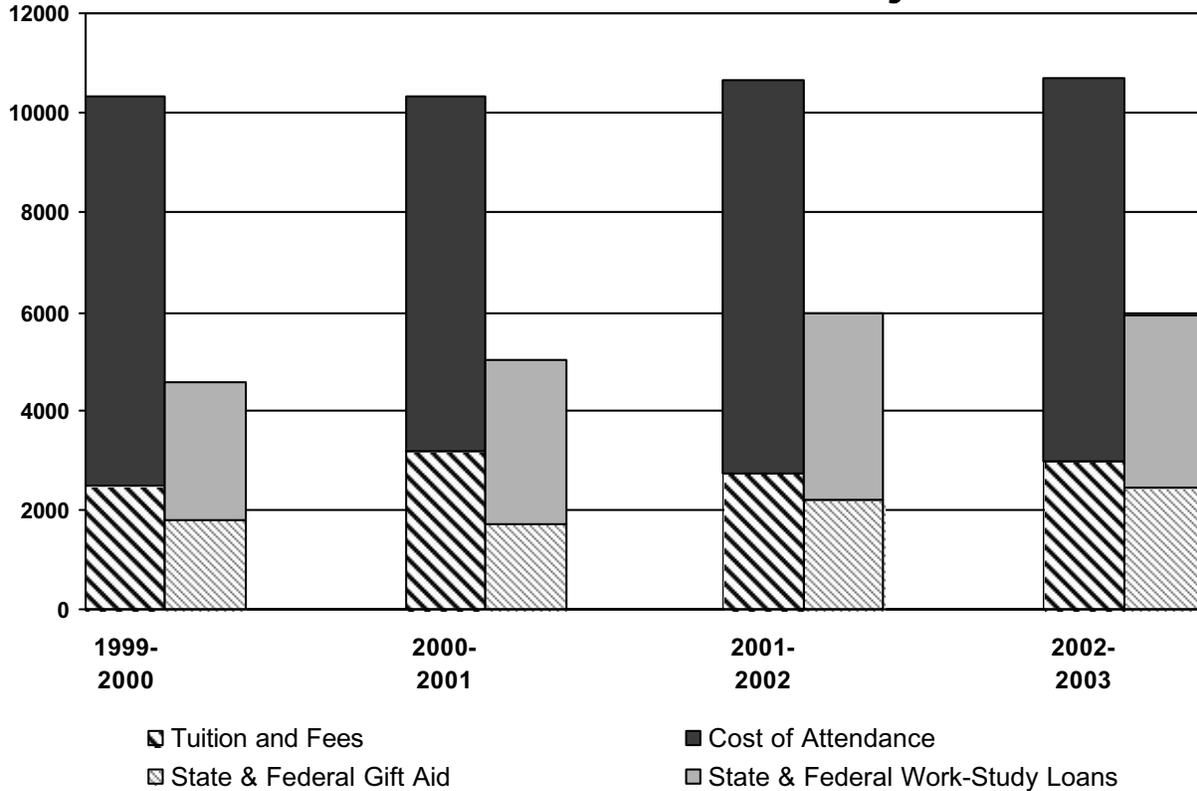
**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Cost of Attendance vs. Available Financial Aid

West Texas A&M University



	1999-2000	2000-2001	2001-2002	2002-2003
Average Tuition and Fees	2,486.25	3,189.38	2,734.00	2,979.23
Other Costs of Attendance (books, room & board, etc.)	7,829.60	7,147.13	7,932.80	7,726.87
Total Cost of Attendance	10,315.85	10,336.51	10,666.80	10,706.10
	1999-2000	2000-2001	2001-2002	2002-2003
Average State Gift Aid Awarded	538.02	383.03	592.08	779.90
Average Federal Gift Aid Awarded	1,264.79	1,310.77	1,614.73	1,650.38
Average State Self-Help (Work-Study and Loans)	8.08	9.83	9.69	8.50
Average Federal Self-Help (Work-Study and Loans)	2,728.09	3,283.70	3,749.00	3,490.28
Total Financial Aid	4,538.99	4,987.34	5,965.50	5,929.06

* Tuition and fees based on 15 SCH per semester.

** Tuition and fee average for 2002-2003 based on CB survey (public information office) and IFRS data.

*** Federal Programs include: Pell, SEOG, Byrd, SLEAP.

**** State Programs include: TPEG On Campus, PSIG-LEAP, TEG, LEAP, Nursing, Student Deposit Scholarship, TEXAS Grant, TEXAS Grant II, Teach for Texas.

***** Federal WS and Loans include: Federal Work-Study, Americorps, Subsidized and Unsubsidized Stafford Loans, Perkins Loans, SLS Loans, Subsidized and Unsubsidized Federal Direct Loans.

***** State Work-Study and Loans include: Texas College Work-Study, CAL and HEAL/HELP.

Appendix D: HB 3015 Reporting Template



Affordability Survey

Affordability for [Institution Name]

1. Tuition and Fees

Average Tuition and Fees for 30 SCH at your institution: \$[]

If you would like to adjust the average Tuition and Fees above for the different colleges, enter your adjustments below.

College	+/-	Amount
College of Liberal Arts	+ <input type="button" value="v"/>	\$ <input type="text"/>
College of Natural Sciences	+ <input type="button" value="v"/>	\$ <input type="text"/>
College of Communication	+ <input type="button" value="v"/>	\$ <input type="text"/>
College of Fine Arts	+ <input type="button" value="v"/>	\$ <input type="text"/>
College of Engineering/Architecture	+ <input type="button" value="v"/>	\$ <input type="text"/>

Comments/Additional Information

2. **Median family income by region, by ethnicity.**

This table provides information on the percentage of the median family income that would be required to pay for tuition and fees for the “average” family from a specific region by ethnicity. It does not provide information on how affordable the institution is for students currently enrolled.

Region	White		Black		Hispanic		Asian		Other		Total	
	Median Income	Percent T&F										
High Plains												
Northwest												
Metroplex												
Upper East Texas												
Southeast Texas												
Gulf Coast												
Central Texas												
South Texas												
West Texas												
Upper Rio Grande												
Statewide												

Comments/Additional Information

3. Undergraduate Students from in-state at your institution

Provides information on the number and percent of undergraduates an institution enrolls from each region by ethnicity.

Region	White		Black		Hispanic		Asian		Other		Male		Female		Total	
	Num	%	Num	%	Num	%	Num	%	Num	%	Num	%	Num	%	Num	%
High Plains																
Northwest																
Metroplex																
Upper East Texas																
Southeast Texas																
Gulf Coast																
Central Texas																
South Texas																
West Texas																
Upper Rio Grande																
Statewide																

Comments/Additional Information

4. Criteria for Admissions

Select the criteria for Admissions from the box below. **Hold down the CTRL key while clicking to select multiple options.**

Comments/Additional Information

5. **Analysis of the criteria used to admit students at your institution**

An empty rectangular text box with a thin black border. It has a vertical scrollbar on the right side and horizontal scrollbars at the bottom, indicating it is a scrollable area for text input.

6. **Criteria for Financial Aid**

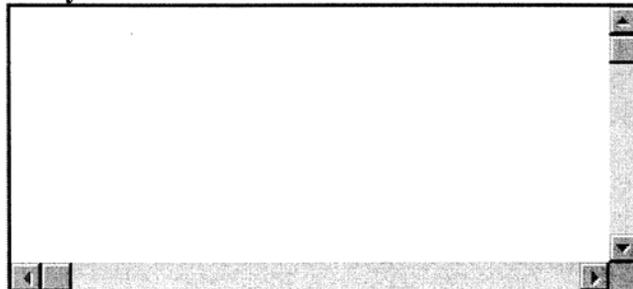
Select the criteria for financial aid from the box below. **Hold down the CTRL key while clicking to select multiple options.**

A list box with a black header bar containing the word "Selected". Below the header, four options are listed: "First generation student status", "Race/ethnicity", "Financial need", and "Legacy status". The list box has a vertical scrollbar on the right side.

Comments/Additional Information

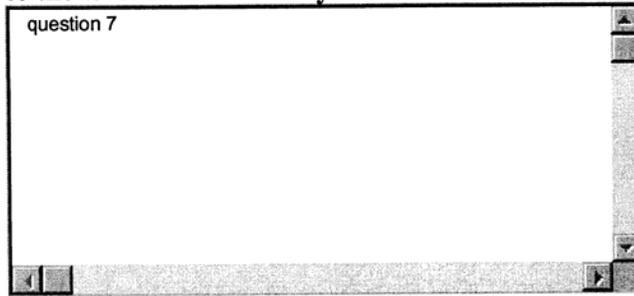
A rectangular text box with a thin black border. It has a vertical scrollbar on the right side and horizontal scrollbars at the bottom, indicating it is a scrollable area for text input.

7. **Analysis of the criteria used to award financial aid at your institution**

An empty rectangular text box with a thin black border. It has a vertical scrollbar on the right side and horizontal scrollbars at the bottom, indicating it is a scrollable area for text input.

8. **Compare this institution to peer institutions in-state and out-of-state with respect to the level of affordability and access**

question 7



Save For Later

Preview Report

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Clear Changes

Letters from Members

Letters from Members

The Senate of The State of Texas

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TODD STAPLES

November 19, 2004

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The Honorable Royce West, Chair
Senate Subcommittee on Higher Education
P.O. Box 12068
Austin, Texas 78711-2068

Dear Chairman West:

Thank you for the work you have done leading the Senate Subcommittee on Higher Education and preparing the interim report.

Community colleges are a vital part of our higher education system. My personal residence is located in a community college taxing district, and I am a former student and instructor at a community college; however, I cannot in good faith support the subcommittee recommendation calling for all areas of the state to be in a mandatory property tax district.

In fact, I strongly believe the legislature should ensure community colleges are a top funding priority. They provide access to an affordable, quality education, and we must consider mechanisms to enhance their viability. These colleges will ensure we accomplish our Closing the Gaps initiatives, and they play a vital role in economic development in our great state.

However, at a time when our property tax burden is at an all time high and the legislature struggles with options to provide significant property tax relief, I feel it would be improper to place another burden on property tax payers. Also, this proposal would further compete with our public education system for property tax dollars. Addressing the additional disproportionate situation among tax bases for the community colleges is also a concern.

I look forward to working with you and the other members of the subcommittee on these and other issues to improve higher education for all Texans.

Sincerely yours,

A handwritten signature in black ink that reads "Todd Staples".

Todd Staples

TS/slj



DISTRICT 3: ANDERSON, ANGELINA, CHEROKEE, HARDIN, HENDERSON, JASPER, NACOGDOCHES, NEWTON,
POLK, SABINE, SAN AUGUSTINE, SAN JACINTO, SHELBY, TYLER AND PARTS OF MONTGOMERY AND SMITH COUNTIES.

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The Senate of
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Kyle Janek

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November 19, 2004

The Honorable Royce West
Chairman
Senate Subcommittee on Higher Education
Capitol, Room 3E.10

Dear Chairman West:

Thank you for your leadership during the 78th Interim as chair of the Senate Subcommittee on Higher Education. I am signing the Report to the Legislature as an endorsement of this committee's hard work and the many strong recommendations upon which we agree. I would like to outline some of my concerns and disagreements.

Charge 1, Recommendation 9: The Legislature should enact a cap on the percentage of applicants that an institution must admit under the Top 10% law. Students graduating in the top 10% from under-represented high schools should be prioritized under the cap, and automatic admission under the Top 10% law should be contingent upon a student's having completed the recommended high school curriculum, effective beginning with the 2008-2009 academic year. The recommended curriculum requirement should not apply if the student did not fulfill the recommended curriculum for circumstances beyond a student's control. To be eligible to cap automatic admissions, an institution should be required to include constitutional use of race and ethnicity among other factors in discretionary admissions decisions.

As you and I have discussed, I am opposed to the Top 10% law and would favor its repeal. However, I believe it to be even more unfair to promise admission if that admission is not guaranteed. A more balanced response would be to guarantee the student admission to the university system of their choice with the future possibility of transferring to their preferred campus. This will allow flagship institutions to admit the best and brightest while fulfilling our promise of university admission to the Texas student.

I believe students should complete the recommended curriculum in order to qualify for automatic admission, and we should implement this recommendation sooner than the 2008-2009 academic year.

Chairman Royce West
Page 2
November 19, 2004

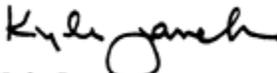
Charge 2, Recommendation 6: The Legislature should place all property in the state into defined community college taxing districts, consistent with the Illinois model. Those colleges receiving additional taxing jurisdiction under the new model should have an added "service expectation." The Legislature should charge the Higher Education Coordinating Board with adopting rules to resolve potential conflicts between existing districts and annexed taxing districts.

While I am a strong supporter of community colleges, I cannot support a recommendation that would force a new community college tax on all property taxpayers in the state who do not currently pay such a tax. If a proposal comes forth that would reduce the property tax dependence of community colleges, I will be happy to revisit this recommendation.

Finally, I recommend the Senate consider using funds from the Trauma Facility and Emergency Medical Services Account to fund the Texas Higher Education Coordinating Board's recommendation to adopt formula allocations for faculty costs and resident support at our state's Level I and Level II trauma centers.. In some instances, using this money for GME may allow us to maximize federal matching funds, without jeopardizing Disproportionate Share dollars.

Please include this letter as a record of my comments on the report. Again, I appreciate the dedication and leadership you have shown as Chairman of this subcommittee. I look forward to working with you on higher education issues in the 79th Legislature.

Sincerely,



Kyle Janek

KJ/ch